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# CLINTON'S NEW APPEAL: 'I ASK FOR YOUR FORGIVENESS'

# Starr Sends His Report On Scandal to Congress

By Brian Knowlton

WASHINGTON - President Bill Clinton made his broadest appeal so far to the American people on Wednesday for forgiveness in the Monica Lewinsky scandal as the special prosecutor sent a massive report to Congress that could lead to impeachment proceedings.

Mr. Clinton asked an audience in Orlando, Florida, to "tell your friends and neighbors that I'm grateful and I'm determined to redeem the trust of

all the American people."

"I ask you for your understanding and forgiveness," he said. "These have been the toughest days of my life, and they may turn out to be the

most valuable for me and my family." The comments came on an eventful day that began with Mr. Clinton in Washington, meeting top Democratic at White

An election funds inquiry ordered by the attorney general targets Clinton. Page 3.

seek their forgiveness and urge them to remain united in the face of what is expected to be a strongly critical report by Kenneth Starr, the in-Americans got a dramatic sense of how vast Mr.

See CLINTON, Page 3



Congressmen discussing Wednesday how to handle the Starr report, right to left: Henry Hyde, House Judiciary Committee chairman; Dick Armey; Newt Gingrich, the House speaker; Richard Gephardt, minority leader, and John Conyers.

# Glimmer of a Race in Germany

Buoyed by Latest Polls, Kohl Shows a New Vigor

By John Vinocur

BONN — Chancellor Helmut Kohl's projected vote total ticked up one-tenth of a percentage point in a poll published Wednesday, and the line here was that he was now certain to catch Gerhard Schroeder — if the German election campaign lasted until Christmas

Germans vote, in fact, on Sept. 27, and there has been a broad assumption in the country, reflecting both the public opinion surveys that give the Social Democrats leads of 3 to 6 percentage points and the feeling that Mr. Schroeder has made no false steps, that it is too late for the chancellor's

Christian Democrats to overtake his challenger. Mr. Kohl's backers acknowledge the lag, admit that the catch-up process is slow but insist that there is still a race.

For the first time since campaigning began and perhaps only for a short moment — their argument seems to have some vitality. It is not only that three elections with national reper-cussions have dramatically belied polls over the last year and that the pollsters themselves say unusually large segments of the electorate remain undecided. Rather, much has gone palpably well for Mr. Kohl in the last two weeks.

The chancellor looked energetic, comfortable and sovereign in the back-to-back speeches that

By Thomas Boswell

Vashington Post Service

ST. LOUIS — As irony would have it, the shortest

of all of Mark McGwire's 62 homers this season will be remembered the longest. With a 341-foot line drive

that barely cleared the left-field wall - and was barely

fair - McGwire surpassed the single-season home

Many expected that McGwire might break his sport's most glamorous slugging record with one of

AGENDA

Kosovo Fighting

**Traps Thousands** 

PRISTINA, Yugoslavia (AFP)

Serbian forces launched a wide-

spread offensive in the west of

Kosovo, attacking about 40 vil-

lages in the Serbian province and

forcing thousands of ethnic Albani-

ans onto the roads, aid workers and

The UN High Commissioner for

Refugees said that heavy shelling

had trapped about 25,000 people.

most of them women and children.

A line of people 12 kilometers (8

miles) long was stuck south of the

Albanian sources said.

town of Pec, the UN said.

Struggle for Food in Indonesia

Washington Debates Sanctions

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**PAGE TWO** 

Books ..

Crossword.

The Internaries

The IHT on-line

Opinion ..

THE AMERICAS

run total of Roger Maris.

passed as a debate with Mr. Schroeder in the Bundestag. The confusion and instability in Russia has come as a windfall to a campaigner who casts himself as a guarantor of security and his opponent as an inconsistent novice. The unemployment picture, the central issue in voters' concerns, has brightened, with the president of the national labor office announcing Tuesday that a downward trend (at a current 10.6 percent jobless

rate) had taken hold. Now, Mr. Kohl is hoping for an essential psychological lift and real movement in the electorate to emerge from Bavarian elections Sunday. If the Christian Democrats' Bavarian sister party, the Christian Social Union, polls more than 50 percent of the vote, as it has since the 1970s, Kohl backers believe the result can create momentum and a sense of possible victory that their campaign has lacked so far.

For a whole lot of undecided voters, a very good result in Bavaria means that Kohl can do it, that Schroeder can be beaten," said a Christian Democratic member of Parliament running for reelection. And if the score is only lukewarm?

Then we miss out on an important push." Without the pash, the party loses its chance to say it is on a victory roll and establish its comeback

at the heart of national discussion over the last two See KOHL, Page 10

For Admiring Public, McGwire Touches All the Bases

hit one of the fastest. His rocket off a Chicago Cub

right-hander, Steve Trachsel, on Tuesday night in the

fourth inning left the park so quickly that neither McGwire nor the standing-room-only crowd of 49,987 realized it had left the field until — in a breathless split

second — everybody realized there was no carom.

How could an event as long awaited as Home Run No.

McGwire, sprinting full speed in anticipation of a

possible double, suddenly fired his right fist in the air,

leaped into the arms of the Cardinal first base coach,

Record \$1 Billion Deal Outrages Soccer Fans

62 have come as a surprise? Yet it did.

the longest or highest home runs ever hit. Instead, he Dave McKay - and missed first base. In a comic

By Tom Buerkle

LONDON - Rupert Murdoch is to

pay \$1 billion for the Manchester United soccer club, a record price for a

sports team, it was announced Wed-

nesday, provoking howls of criticism

from the team's supporters and posing a dilemma for Prime Minister Tony

The deal also set a new standard for

the value of major sports franchises

around the world, underlining the grow-

ing attraction to media companies of buying teams to gain access to their

broadcasting rights, analysts said.

If completed, the United purchase

should help to ensure that British Sky

Broadcasting Ltd., the Murdoch affil-iate making he bid, retains access to the

soccea matches of Britain's Premier

League after its current £670 million,

four-year exclusive contract expires in

2001, analysts said.



final cabinet meeting before the Sept. 27 elections.

moment, McGwire had to return to touch first, as he

led his team to a comeback 6-3 victory over the

McGwire, langhing as he recalled the homer he thought he had not hit. "That's the first time I've ever

to see the tape. I don't remember. I was floating. I hope

See McGWIRE, Page 18

United for Murdoch?

Manchester United share price

I didn't act foolish. But, heck, this is history.

in London

<u>220</u> pence

missed first base.

Murdoch Snaps Up Manchester United

The agreed offer will create "a magic

combination between a great broad-caster and a great club," said Mark

Booth, the American chief executive of

BSkyB. "I understand its the largest

amount ever paid for a sports club, but

porters were appalled, however, saying the deal was driven by the Murdoch

empire's commercial television in-

terests rather than a passion for the sport

or a commitment to the team's con-

timed success. The criticism reflected a

growing disenchantment among soc-

cer's traditional supporters in Britain at

the growing elitism of the game and the escalation in ticket prices this decade, a

trend that has been fueled to a large

Martin Smallbone, 36, a welder who

gathered with other supporters outside

the club's Old Trafford stadium in

extent by television money.

Many of the club's legions of sup-

oh, what a chib!"

"All of a sudden, the ball disappeared on me," said

"What a sweet, sweet run around the bases. I'll have

# Japan Takes a Stab At Lifting Economy

Key Interest Rate Is Brought Down to 0.25%

By Sheryl WuDunn New York Times Service

TOKYO - In a desperate attempt to lift Japan out of its worst recession since World War II, the central bank said Wednesday that it would further ease monetary policy by pushing down a key interest rate to the extraordinarily low rate of one-quarter of one percent.

Financial markets reacted sharply, and Japan's currency plunged almost 4 percent against the dollar, which surged more than 4 yen in its biggest one-day

gain in three years.
In 4:00 P.M. trading in New York, the dollar was quoted at 136.845 yen, up from 132.200 yen on Tuesday.

But Japanese authorities were willing to risk the fall of the yen, which had strengthened considerably in recent days, in an attempt to stimulate eco-

The Bank of Japan said it would brit down its overnight interbank rate, shaving in half the rate that guides the vital flow of funds that course through the vast and increasingly shaky financial system here. The interbank rate that it lowered Wednesday is essentially the money-market rate that banks charge each other when they lend money

borrowing rates Economists in Tokyo and abroad have been calling on Japan to loosen monetary policy to reflate the economy

and help avert a global recession.

Though Japan has been staggering under a burden of shrinking demand, tumbling corporate profits, sliding prices and rising unemployment, until now the Bank of Japan has fiercely resisted lowering interest rates, partly because they were already the lowest in the world. But Wednesday, it conceded that the nation needed to prevent the economy from sinking further.

"The timing is appropriate in light of the instability in the financial markets," said Masaru Hayami, the central bank governor. "It will help bring stability to the markets."

Mr. Hayami tried to deflect speculation that the policy change was made as part of an arrangement, perhaps tacit, with the United States and other major economies to avert a global economic

słowdown. There was no international discus-

sion at all," he said. The interest-rate cut is more significant in signaling a shift in policy than in its ability to make funds much cheaper, simply because the overnight rate — similar to the federal funds rate in the United States — already has been just under one half of a percent for three years. In contrast, the rate in the United States was 5.5 percent Wednesday.

One reason the Bank of Japan had resisted lowering the interest rate was that all but one of its nine policy-board members had said they wanted to save a rate cut for a real economic emergency. With this rate change, interest rates be-

See JAPAN, Page 10

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## **Communists** Warn Yeltsin overnight. However, cutting the rate will not immediately reduce corporate They May Try Impeachment

By Michael R. Gordon New York Times Service

MOSCOW --- Russia's defiant Communists threatened Wednesday to pursue impeachment proceedings against President Boris Yeltsin if he once again nominated Viktor Chernomyrdin to be prime minister.

"If Yeltsin .comes up with Chemomyrdin for the third time, the Duma will raise the issue of impeach-Gennadi Zyuganov, the Comment. munist Party chief, told reporters, referring to the lower house of

Mr. Zyuganov's warning seemed, in part, a pressure tactic to induce Mr.

Good life fades in Moscow. Page 6.

Yeltsin to abandon Mr. Chemomyrdin and nominate a compromise candidate. In recent days, the Communists have demanded that Mr. Yeltsin select one of their own, Yuri Maslyukov, a Communist deputy who served briefly in the Yeltsin government.

They have also pushed for a com-promise candidate, such as Foreign Minister Yevgeni Primakov or the Moscow mayor, Yuri Luzhkov.

Either choice would mark a retreat for Mr. Yeltsin and demonstrate the Communists' ability to influence policy. The warning of impeachment was also a deft maneuver to shield Parlia-

ment against Mr. Yeltsin's threats. A Parliament vote to impeach would block Mr. Yeltsin from dissolving the State Duma for two months.

Unless impeachment is voted, Parliament would be dissolved and new legislative elections held if it rejected Mr. Chernomyrdin for a third time, according to the terms of the Russian Constitution. In the scramble of Russian politics, Mr. Yeltsin could avert, at least temporarily, an impeachment attempt by declaring a state of emergency, which would require the assent of the upper house of Parliament, the Federation Council.

The impeachment option was not the only step Parliament took to protect itself-and its perquisites. Deputies voted to pay themselves salaries through the end of the year, even if Parliament is disbanded.

As the Communists rushed to fill the

## See MANU, Page 19 New Method Could Help Parents Choose a Baby's Sex

Newsstand Prices Bahrain.......1.000 BD Malta... ...C £ 1.00 Nigeria .... 12600 Naira .....£ 0.85 Rep. Ireland., IR £ 1.00 Great Britain....£ 0.90 Saudi Arabia....10 SR \_\_\_\_£E 5.50 S. Africa....R12 + VAT ....1.250 JD U.A.E ......... 10.00 Dh Kenya \_\_\_K, SH. 180 U.S. Mit. (Eur.) \_\_\$ 1.20 .....700 Fils Zimbabwa..... Zim.\$40.00

NEW YORK - Doctors at a fertility center near

Washington report that they can substantially stack the odds that a couple using artificial insemination can inave a baby of the sex they choose.

The method, developed by the Genetics & IVF Institute in Fairfax, Virginia, involves sorting sperm by the amount of DNA they contain and then using

By Gina Kolata

New York Times Service

them for the insemination. It capitalizes on the fact that there is only one difference between sperm that carry the Y chromosome, which produces males, and those with an X-chromosome, which produces females: sperm with a Y chromosome have about 2.8 percent less genetic material. ss general materials.
The investigators report that if they select for X-

bearing sperm, they end up with sperm samples in which 85 percent of the cells have an X-chromo-pregnancies until they are published in a medical

If they select for Y-bearing sperm, the result is a sperm sample in which 65 percent of the cells contain Y-chromosome

In a paper that was scheduled to be published Wednesday in the journal Human Reproduction, the investigators, led by Dr. Edward Fugger, report results for comples who wanted girls. Of 14 pregnancies that progressed far enough for doctors to determine the fetus' sex, 13 had only female fetuses. Ten out of the 11 babies that were born so far were girls.

Dr. Fugger said that the group had produced about the same number of pregnancies for couples who wanted boys and that the results were consistent with what the sperm sorting would predict. But, he said, the

onnal. Sex selection techniques have been promoted and

marketed for decades. But, said Dr. Alan DeCherney, the chairman of obstetrics and gynecology at the University of California at Los Angeles and the editor of the journal Fertility and Sterility, "Nothing worked until now.'

Dr. Fugger noted that before his group began using the sperm sorting technique, hundreds of animals of a variety of species had been born using the method and that there was no evidence that it caused birth de-

See CHOICE, Page 10

But other fertility experts raised questions about the political void, Mr. Yeltsin remained in

See RUSSIA, Page 6

# For Indonesians, Main Crisis Is Price of Rice

By Mark Landler New York Times Service

AKARTA — It has become a ritual whenever a delivery truck arrives at the Cipinang rice market bere. Young men clamber onto the truck to unload the sacks of rice, while women and children huddle next to the loading dock with crude brooms and

As the sacks are hauled into a dimly lighted warehouse, the women and children swiftly sweep up any grains that spill out. They methodically sift out gravel, sand and cigarette butts. pour the brown rice into plastic bags, then scurry out of sight to wait for the next delivery.
"If I didn't do this, I wouldn't have any

rice," said Satinah, 60, from west Java. Her skin has turned a dark bronze from squatting seven hours a day under a searing sun with her dustpan and broom.

Like a growing number of Indonesians, Mrs. Satinah can no longer afford to buy rice at her local market. The price of rice, the country's basic food, has skyrocketed as poor harvests, a devalued currency and a badly frayed distribution system have combined to create a dire

As Indonesia struggles to regain its political and economic footing, experts are warning that rice - not ethnic tension, anger toward the government or the restive military - is the biggest threat to stability.

Food riots have already empted in eastern Java, and soldiers are guarding Cipinang and other markets to prevent looting. Unless the price of rice comes down, rioting could spread

"The rice issue is now the No. 1 problem here," said Rizal Ramli, a prominent economist. "This is socially very explosive. It could have a more damaging impact than when the government pulled gasoline subsidies."

After the government eliminated subsidies on gasoline and kerosene early last May, it set off protests across the country that mutated into vast rioting and eventually forced the resignation of President Suharto on May 21.

EYOND the political threat, several experts worry that a sizable percentage of indonesia's 200 million people could face malnutrition.

H.S. Dillon, executive director of the Center for Agricultural Policy Studies, a private research center in Jakarta, explained the dismal arithmetic. Rice currently sells at the market for 17 cents a

pound, more than double the government's target price. For a family of five to buy 22 pounds of rice per capita each month, it would cost \$18.70. About 40 percent of Indonesia's families earn less than that, meaning that nearly half the population cannot



An Indonesian woman sweeping up grains of rice from a truck at a Jakarta depot. Many people cannot afford to buy the basic staple.

afford even a minimum supply of rice. "People don't understand: These are really hard times," Mr. Dillon said. "Unless this changes soon, we are going to be in deep trouble."

Mr. Dillon and other food experts are not predicting that Indonesia faces a famine. The govemment has been heavily importing rice from Thailand and Vietnam and says it has stockpiled 2.2 million tons. Indonesians consume about 30 million tons of rice a year. And the government acknowledges there is a shortfall of 4.5 million tons.

The trouble is the government cannot flood the market with enough imported rice to offset the apward price spiral of domestic rice sold by private traders. Last week, the minister of cooperatives

Swissair Jet's Key Systems Broke Down, Data Reveal

price up even further.

"If we have abundant supply while the market is short of stock, what do you think has happened?" asked the minister, Adi Sasono.

But experts said the reasons were more complicated than mere profiteering. They said the crisis stems from an extraordinarily unlucky convergence of bad weather, poor agricultural policy, economic devastation and a deterioration in Indonesia's distribution network caused by the riots last May.

First came El Nino, which changed the country's weather patterns and resulted in an 18month drought. Huge forest fires blanketed the islands of Sumatra, Kalimantan and Irian Jaya with smoke, which further depressed crop yields. The Agriculture Ministry estimated that rice production declined 3.6 percent in 1997 and would drop another 6.5 percent this year.

Next came the Asian economic crisis, which drove down the value of the Indonesian currency, the rupiah, by 80 percent. That prompted many farmers to switch from low-margin domestic crops like rice to higher-margin export crops like palm oil and cocoa. And it led some farmers who still harvested rice to smuggle some of it out of the country for higher prices.

NDONESIA could have muddled through were it not for the riots in May. The ethnic Chinese, who dominate the food distribution business, were the main targets of the three-day spree of looting and arson. In Jakarta, hundreds of Chinese-owned shops were ransacked and burned.

Thousands of ethnic Chinese fled the country, and some have not returned. To replace the missing traders, the government has begun giving licenses to hundreds of indigenous Indonesians, known as pribumi. But instead of making the system more competitive, some experts say, the new traders are bogging it down

and increasing hoarding and smuggling.
At the Cipinang market, ethnic Chinese traders complain bitterly that the new traders are driving up the price of rice.

This is the worst I can ever remember." said H. Zulkifli, a 20-year veteran of the rice trade, as he gestured toward a knot of new traders haggling over sacks of rice.

The government is trying to stem the crisis by distributing subsidized rice, at 5 cents a pound, to poor people. But the government concedes that it is failing because the number of people classified as

According to a new report by the International Labor Organization, 95.8 million people, or 48 percent of Indonesia's population, will be under the poverty line by the end of this year. If the economy does not rebound, that could rise to 140 million people, or 66 percent of the population, next year.

# Déjà Vu for Jakarta: Tension Is Mounting \*tagnant Econome P

Stagnant Economy Persists Under Habibie

By Cindy Shiner Washington Past Service

JAKARTA - After barely 100 days in office, and after implementing longawaited political changes, President B. J. Habibie is facing the same kind of pressure that helped force his predecessor and mentor from power in May. Indonesians are measuring Mr.

Habibie's success in terms of what they can afford, as an economic crisis bites deeper, rather than by how freely they will be able to vote in elections next year. Little has improved on the economic front to assuage

NEWS the growing frustration of millions of people who have lost their jobs and slipped below the poverty line since

an economic crisis broke out last year. Inflation — at an annual rate of 70 percent and climbing — is at its worst level in more than 30 years, and the price of rice has nearly doubled since President Suharto stepped down in May after protests and unrest.

On Wednesday, Mr. Habibie saw firsthand what he might be up against in the near future if he does not meet student-led protesters' demands to lower prices on basic commodities.

Up to 2,000 demonstrators massed in the city of Surabaya to confront Mr. Habibie, who had gone there to mark a sports ceremony.

The demonstrators scaffled briefly with security forces who scrambled to protect the presidential motorcade, which was not disturbed.

In a speech at the stadium, Mr. Habibie called on Indonesians "to maintain patience and clear thinking?

in the face of the country's hardships. Demonstrations have been mounting in the past week against Mr. Habibie, whom protesters accuse of the same corruption and nepotism that characterized the Suharto era, although the government has begun probing the fi-nancial excesses of the former first family and their cronies.

The protests have largely resumed because universities are back in session after their summer break.

"The students are the people's only hope," said Andri Sitompul, 45, who lost his job as a taxi driver last year. Thousands of students occupied Par-

liament in Jakarta in May and helped press Mr. Suharto to resign during a period of political upheaval that led to tioting that claimed at least 1,200 lives in the capital. Some Indonesians are choosing to

take matters into their own hands through rioting and looting that has spread across the archipelago over the last few weeks. Reports on Wednesday said mobs ransacked food warehouses in a city on

the island of Borneo while others attacked trucks transporting rice supplies Scores of shops owned by ethnic Chinese, who control much of the coun-

try's private food distribution, have been attacked and burned in three other parts of the country. Security forces fear appearing heavy-

handed with the mobs at a time when the military is under investigation for human rights abuses committed during the Suharto era.

Violent supression would likely only rigger more wrath.

The euphoria that followed Mr. Suharto's departure has given way to despair. More than 20 million people are expected to be out of work by the new year and the government is finding it increasingly difficult to maintain costly subsidies on basic commodities.

"It's worse, much worse" since May, a foreign banker said. "The economy has not even remotely begun to bottom out yet. Ginandjar Kartasasmita, the senior

economic minister, said in an interview that he believed the worst of the crisis was passing, noting that the exchange rate of the rupiah to the dollar has fluctuated little over the past two months. Those gains were upset this week

however, on recent reports of unrest. But analysts say part of the reason the rate has been stable is because the econ-

omy is barely moving.

Companies that need to import raw materials to manufacture goods for export still cannot get letters of credit, despite a debt agreement worked out in Frankfurt in June.

Foreign bankers say the government has only implemented part of the agreement and failed to meet deadlines, while Indonesian officials argue that more time is needed.

On Wednesday, the government set out guidelines in a last-ditch effort to convince companies to start negotiating with their banks to restructure debt. ..

The government is only in power for three months and we have done so much," said Mr. Kartasasmita, pointing to Indonesia's efforts to eliminate monopolies, rehabilitate the banking sector, free up the press and implement political reforms.

Meanwhile, officials from the International Monetary Fund are in Jakanta to review recent steps on rehabilitating the economy to decide whether to release the latest disbursement of a \$43 billion IMF-led bailout

The Suharto government delayed intplementing reforms, prompting the IMF to review Indonesia's progress on a monthly basis.

As part of the agreement, the government is supposed to lift subsidies on basic commodities but the IMF has been flexible on that issue, bearing in mind, the potential for social unrest. Few Indonesians can afford unsub-

sidized prices for the foods they consume daily. About two-thirds of the population is expected to be living below the poverty line by the end of next year, according to the International Labor Organization.

The government has revoked a subsidy for cooking oil, which will allow the market to determine the price.

Mr. Kartasasmita said the government hoped to further relax its control on rice imports to allow private companies to enter the free market. 'I think that will ultimately fail be-

cause at the end of the day there's just not that many credit worthy companies in Indonesia that can import rice or any of these commodities," the foreign

Analysts are skeptical of the govemment's motivation in removing expensive subsidies on commodities as important as rice as food riots spread.

Some believe officials who have been making money off the rice monopoly want to provoke a food crisis so the government will step back in.

"None of these people want to break down that skimming mechanism but they have to have a clear mandate to establish it," the foreign banker said.

Malaysia in essence closed off its economy earlier this month, barring transaction or conversion of its currency, the ringgit, to foreign accounts.

#### airport in a plane brimming with fuel. kilometers) off the coast near here. Though the conversations are largely Mr. Gerden said that investigators in calm and technical, at least a touch of his data-processing laboratory in Ottawa were working backward from the

#### frantic confusion occasionally slipped in. At one point, the pilots broadcast a conversation between the two of them, in German, to a puzzled air controller on the ground, and, at another point, both

By Matthew L. Wald New York Times Service

HALIFAX. Nova Scotia - As the

pilots of Swissair Flight 111 were strug-

gling to prepare their jumbo jet for an

vital operating systems on the plane

were gradually breaking down, the chief

investigator announced after a prelim-

inary examination of the plane's flight

In addition, investigators released a

full transcript Tuesday of conversations

between air traffic controllers and the

pilots, who were simultaneously striv-

ing to locate the source of smoke stream-

ing into their cockpit and to prepare for

an unexpected approach to an unfamiliar

data recorder.

EU Applies Ban On Yugoslav Flights The Associated Press

BELGRADE — The Yugoslav national airline JAT stopped flying Wednesday to Germany, Sweden and Austria after the European Union suspended its landing rights.

The Netherlands and Denmark announced the ban would take ef-

fect Thursday, while other EU member countries are expected to follow suit. JAT planes flew to Greece, Britain and some other EU destinations Wednesday.

Britain announced Tuesday that under a 1959 agreement it is required to give 12 months notice before canceling flights. Italy banned JAT's charter flights to Bergamo and Trieste, but has not yet suspended its regular flights to Rome.

The EU said Sunday it would prohibit flights by JAT to its 15 member countries in response to the crackdown by Yugoslav and Serbian forces on ethnic Albanians fighting for independence in Serbia's southern Kosovo Province.

#### reveal where the plane's problem began, even though the recorder quit six minutes before the plane crashed five miles (eight

end of the data and had not yet determined where on the 25-hour record (a period that could cover three previous flights) the problems began.

**Lebanon Alert Given** 

BEIRUT (AFP) - The U.S. Em-

bassy here advised Americans in Leb-

anon on Wednesday to adopt "extreme

security precautions" amid fears of at-

tacks similar to those last month on U.S.

diplomatic missions in Kenya and Tan-

nies based in Lebanon have received

any threats," the embassy said.

security precautions.

"No nationals or American compa-

It added, in an Arabic-language state-

ment: "Despite of the lack of precise

information on this subject, American

nationals could be in danger and it is for this reason that the American Embassy

is asking its nationals to adopt extreme

Japan Airlines Co. Ltd. and All

Nippon Airways Co. Ltd. announced

on Wednesday that they would extend a

smoking ban to international flights next year. All Nippon will introduce the ban on March 28 and Japan Airlines in

April. All Nippon, the largest airline in Asia, said the decision to extend the ban

to international flights reflected cus-

(AFP)

He said they did not want to say more about the information from the flight data Investigators said that they also had recovered parts from the cockpit that recorder until they had had time to assess its meaning and integrate the information showed signs of heat damage. The pilots had reported smoke in the cockpit at the with radar tapes and other evidence.

beginning of the incident, but it is not Investigators are still hoping to re-cover the other "black box," the cockconversations between the controllers and the pilots.

Investigators said they could hear in pit voice recorder, but rough weather kept divers out of the water Tuesday. the background at one point the warbling But with enough analysis, said the alert indicating that the autopilot was chief investigator, Vic Gerden of the disconnecting. If an autopilot cannot fol-Canadian Transportation Safety Board, low its instructions, be they for altitude, speed, heading or pitch, it turns itself off. the details from the box that Canadian Navy divers brought up Sunday may Investigators say they do not yet know which failure made the autopilot quit.

The transcript of communications between the Geneva-bound jet and air traffic controllers shows some confusion on both sides of the conversation, although it was not immediately evident if the errors made any difference to the outcome of the flight. All 229 people on the plane were killed. A question for investigators is whether

TRAVEL UPDATE

the pilots could have begun dumping fuel

A volcano on the Italian island of Stromboli awoke with a violent start

late Tuesday, throwing tourists climb-

ing its slopes into panic as fiery rocks

spurted into the air. No deaths or injuries

Russian aircraft were involved in

more crashes and other accidents in the

first eight months of this year than in the

same period last year, and flight safety

has deteriorated with the latest econom-

ic crisis, the senior aviation official said

A tropical depression in the Gulf of Mexico is expected to strengthen into a

tropical storm Wednesday. Rain from the storm was already scattered along the Texas and Louisiana coast. (AP)

A photo caption accompanying an article about the rental of period dress,

published in the IHT on Aug. 26, gave an erroneous source for the costumes.

Cosprop in London provided the clothes.

should have bothered dumping at all, if it delayed a landing. Planes may dump fuel if they are more than 2,000 feet (610 But another indication of the plane's meters) above ground level, Mr. Gerden rowing distress came from the tane of said, and the Swissair jet need not have circled the water to do this. First Lawsuit Filed Over Crash

earlier, to get the jet's weight down to the

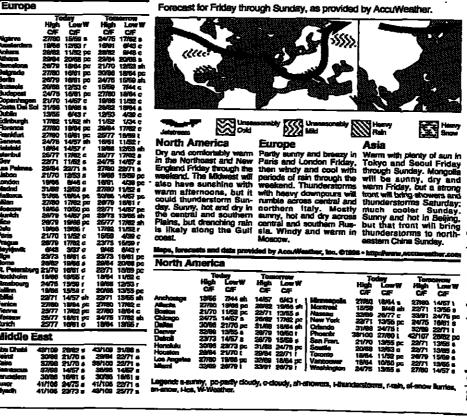
recommended maximum for landing, or

The first lawsuit over the Swissair crash was filed Wednesday by the former champion boxer Jake LaMotta, whose son Joseph was on board, Reuters reported from New York

The suit, filed in federal court in Brooklyn, seeks more than \$125 million from Swissair and Delta Air Lines, Mc-Donnell Douglas Corp., which built the MD-11 plane, and Boeing Co., which now owns McDonnell Douglas. It alleges that the crash was caused by "electrical, mechanical and/or structural failure."

Europe

#### WEATHER



Forecast for Friday through Sunday, as provided by AccuWeather

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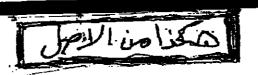
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THE AMERICAS

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sanctions with overlapping purposes that Congress and the administration,

sic civil liberties, human rights and non-

Mr. Eizenstat represented the administration in difficult negotiations with the European Union over two sets of sanctions that attempted to impose U.S. law on some foreign companies doing business with Iran or Cuba. In both cases, he said, the authority granted Mr. Clinton under the laws that created the sanctions

was the key to reaching agreement.

By contrast, he said, "the lack of flexible waiver authority" under a law known as the Glenn amendment, imposing mandatory U.S. sanctions on any country other than the five declared nuclear powers that tests a nuclear weapon, "has limited our ability to be creative in encouraging India and

Mr. Eizenstat asked that Congress restrain its impulse to impose sanctions by requiring a report by the Congressional Budget Office assessing the impact on the U.S. economy before any new legislation is considered and by

tiated with Congress, to address con-cerns raised by lawmakers, such as a existing contracts and the exemption of food and medicine to minimize human-



Bill Clinton heading Wednesday to Florida for a series of fund-raisers.

#### **CLINTON: Starr's Documents on Scandal Are Sent to Congress**

Continued from Page 1

in tone than ads financed by Repub-

licans for their party. "We expect that

this fuller examination will demonstrate

conclusively that the DNC followed the

the issue ads on at least three separate

occasions over the last two years but

each time went no further than a 30-day

initial review of the allegations, which

were first raised in late 1996 by Com-

In each instance, Ms. Reno found no

mon Cause, the public interest group.

wrongdoing, saying she lacked specific and credible of evidence that a crime

had been committed by any of the high-

level officials, like the president, who

are covered by the law.

Law enforcement officials said the audit report had provided few new facts

about the conduct of Mr. Clinton or any

other official but had been highly sig-nificant in persuading Ms. Reno to launch the inquiry. The audit marked the first time that the election agency's inves-

tigators had ever questioned the legality of the content of the ads in a manner that

allowed the Justice Department to assert

its criminal jurisdiction. But some gov-

ernment officials, including those who

favor an independent prosecutor, said it

could be difficult to define a specific

prosecutable offense in this area.

Ms. Reno has reviewed the legality of

letter and spirit of the law," he said.

Starr's report is --- and perhaps how serious the threat to the presidency, the most dire since Watergate - as television stations broadcast live images of two long vans from Mr. Starr's office pulling up in front of the Capitol.

Amid tight security, the vans stopped and a swarm of white-shirted policemen unloaded some 36 cardboard boxes containing Mr. Starr's report, and supporting documents, on possible impeachable offenses by Mr. Clinton.

The material, believed to include a 280-page report and masses of supplementary evidence, will be kept under close guard until the House leadership decides how to bandle it.

In his speech in Orlando, Mr. Clinton, looking downcast, said that he was determined to "redeem the trust" of the public, another step in his efforts to show contrition for his affair with Monica Lewinsky and his attempt to conceal it. "I let you down," the president told Democratic contributors 'I let my family desire. I let this country down. Em trying to make it right. I'm determined

to never let anything like that happen The White House session was "very Mr. Clinton acknowledging the trou-

bles he had caused and asking forgive-"He wants to carry on with the business of the country but he clearly un-derstands, I think, the deep pain he has people he works with, members of Congress and the country," said Representative David Bonior of Michigan, the second-ranking Democrat in the

At a news conference after the Capitol Hill meeting, called to lay ground-work for possible impeachment hearings, leaders of both parties sat shoulder-to-shoulder as they vowed to pursue the process soberly, judiciously and responsibly, and to avoid the fires of partisan confrontation.

The House speaker, Newt Gingrich said that "there are very few things in our entire life comparable in importance" to the coming review by Congress of the Kenneth Starr report, and the decision whether or not to impeach the president.

His comments were seconded by the House Democratic leader, Richard Gephardt of Missouri, who said: "Next to declaring war, this may be the most important thing we do, so we have to do it right. We have to do it objectively, fairly and in a nonpartisan way.'

earlier that Democrats would be left out

and months. He said: "The American people do not want to see this president

The day's fast-paced developments appeared to offer some solace to the esieged White House, though it was unclear whether the lofty intentions expressed Wednesday will survive the leaking, or publication, of possibly explosive details from the Starr report.

But the leaders who took part in the morning meetings took pains to project a statesmanlike and nonpartisan front. I think we have a good start today, said Mr. Gephardt, who took part in

both meetings. Even one of Mr. Clinton's harshest

apply "on either side of the aisle."
Similarly, Mr. Gingrich, who has generally been restrained in his comments on the Lewinsky matter, bristled when a reporter asked whether he sincerely believed a House investigation could be conducted without regard to

the legislative elections in November.
"Yes, yes, yes, yes!" Gingrich replied. "We should not move a day sooner because of the election, we

Mr. Bonior acknowledged that the Lewinsky matter, and Mr. Clinton's much-criticized explanation of it on Aug. 17, could hurt Democrats in the midterm elections. "Obviously this be-havior has not been helpful in terms of

But Democrats who took part in the leadership meeting Wednesday praised their Republican counterparts for agreeing to provide the Democrats on the House Judiciary Committee, where the Starr report will first be reviewed, with the same number of staff positions as

Republicans have. Representative Henry Hyde of Illinois, the Republican who chairs the committee, said that any impeachment cannot succeed "unless it is done in a

proceedings were likely was challenged by Representative John Convers of Michigan, the ranking Democrat on the Judiciary Committee. "We are not

would be held in the Senate, with a twothirds majority necessary for conviction. Mr. Bonior said there was no talk of impeachment or resignation during the

90-minute meeting in the White House residence. "I think the president will certainly be able to continue in office,"

## POLITICAL NOTES

#### Republicans Lose On Missile Defenses

WASHINGTON - A renewed Republican push to speed work on a national missile defense system faltered in the U.S. Senate on Wednesday. The vote was 59 to 41, one short of the 60 needed to overcome Democratic opposition and move ahead with debate on the legislation.

Even though the Senate majority leader, Trent Lott, had made the bill a top part of his 1998 agenda, the vote was identical to one in May. It was an election-year effort by

Republicans to vent their frustrations with the Clinton administration's national-security policies. The vote was critical for the ad-

ministration. The legislation would order implementation of a national missile defense system as soon as it is technologically feasible. The existing program provides three years of lead time once a po-

tential threat has been identified. The Pentagon has been outspoken in its opposition to the speedier ap-

General Henry Shelton, chairman of the Joint Chiefs of Staff, renewed his opposition in a meeting with Senator Lott on Tuesday, and the general sent letters to senators urging a "no"

#### Lott Seems Certain On Some Tax Relief

WASHINGTON -- Trent Lott, the Senate majority leader from Missis-sippi, says that, "at a very, very minimum," Congress will approve a tax package this fall that provides relief to married couples and that reauthorizes a number of tax credits for business

and research. House Republican leaders have advocated much larger tax cuts of \$100 billion to \$700 billion to take advantage of large projected sur-

oluses. But with time running out this year and President Bill Clinton adamantly opposed to a large tax-cut package, House and Senate Republican leaders will meet this week to try to carve out a far more modest package that satisfies moderates and conservatives in

This will be a "crucial week" in determining the size and shape of tax legislation, according to a senior

House Republican aide. Earlier efforts by the House Budget Committee chairman, John Kasich, Republican of Ohio, and others to finance a large tax package by cutting domestic programs were abandoned in the face of resistance from Republicans and Democrats alike.

Some House Ways and Means Committee Republicans are promoting a tax cut package of \$70 billion to \$80 billion over five years that would be financed mostly by the projected

budget surplus.
President Clinton has opposed using any of the long-term surplus for tax cuts until Congress and the administration solve the Social Security system's long-term funding prob-lems. (WP)

## Quote/Unquote

Dick Gephardt, the House minority leader, after meeting with Republican leaders on how the House will handle the coming report of Kenneth Starr, the independent counsel, on the Monica Lewinsky investigation: "Next to declaring war, this may be the most important thing we do so we have to do it right. We have to do it ob-jectively, fairly and in a nonpartisan

#### **Away From Politics**

• Falling television sets killed at least 28 children in the U.S. from 1990 to 1997, researchers report in the September issue of the journal Pediatrics. The average age of the victims was 21/2. Sets placed on TV stands or dressers were the most dangerous.

• A Delta-2 rocket carrying five satellites was launched from Vandenberg Air Force Base in California to complete the \$5 billion Iridium global network of wireless telephone, data,

fax and paging services, led by Motorola, which is scheduled to be operational by Sept. 23. (AP)

 A federal appeals court in Denver upheld the conviction and death sentence of Timothy McVeigh for the 1995 bomb attack on a federal building in Oklahoma City, in which 168 people were killed.

· Greybound Lines was to announce that it would make all of the 4,000 stops on its nationwide bus system accessible to wheelchair users by October 1999. But groups representing those users said Greyhound had not planned to equip enough buses with lifts. (NYT)

# **Clinton Seeks Authority To Waive Any Sanctions**

said the ads were legal and no different caused his family, his colleagues, the

Targets the President

Reno Orders Preliminary Probe Over Ads

By David Johnston

New York Times Service

pivotal step toward the possible ap-

-pointment of an independent prosecutor

to investigate campaign finance abuses,

Attorney General Janet Reno has

ordered a 90-day inquiry into whether

President Bill Clinion circumvented

. Ms. Reno's decision Tuesday marked

the third time in less than two weeks that

the Justice Department has begun a 90-

day inquiry, based on the independent

counsel law, into allegations of possible

election improprieties — this one into

whether Mr. Clinton illegally benefited

from Democratic advertisements during

the presidential campaign.

But unlike the other two investiga-

tions, this one named the president as the subject of the inquiry, and is po-

tentially the most far-reaching because

it goes to the heart of the Democrats'

· In a statement to the three-judge pan-

el that supervises independent counsel matters, Ms. Reno said that she had

begun a preliminary investigation "in-

volving President of the United States

William Jefferson Clinton concerning

political advertisements during the 1996 election cycle."

.. The inquiry centers on whether Mr. Clinton and White House aides coor-

dinated an ad campaign to benefit the president's re-election, in an improper effort to violate federal spending limits

that he agreed to follow when he accepted

... Ms. Reno initiated the 90-day review

based on the preliminary findings of an

Federal Election Commission audit last

smooth. The audit concluded that the

Democratic National Committee evaded

federal spending limits by funneling \$42

thillion to state parties for ads that were

thinly veiled messages on behalf of the

Clinton-Gore re-election campaign. The

-audit determined that the ads, commonly

called issue ads, should have been coun-

-ted under spending limits imposed on

the president's campaign.

The other two outstanding inquiries

focus on Vice President Al Gore's state-

-ments about his telephone fund-raising

calls and on possible perjury by Harold

Ickes, a former deputy White House .chief of staff, concerning his dealings

with the Teamsters union. By the end of

the 90-day period for each investiga-

tion, Ms. Reno is required by law to

decide whether to seek the appointment

said Tuesday that the Democrats ads

were lawful. "Each Clinton-Gore ad

was reviewed by counsel anthe: pres-

ident's request, to assure the ad's legality, and approved prior to broad-cast," he said. "When the Department

of Justice's review process finally con-

chides, it will determine that the Clin-

... Joseph Sandler, general counsel for the Democratic National Committee,

ton-Gore ads were entirely proper."

Mr. Clinton's lawyer, David Kendall.

of an outside counsel.

taxpayer financing for his campaign.

fund-raising strategy.

federal election laws in 1996.

WASHINGTON — Advancing a

By Thomas W. Lippman Washington Post Service

WASHINGTON — The Clinton administration has opened what promises to be extended negotiations with Congress over when and how to impose economic sanctions on other countries by asking for blanket authority for the president to waive any sanctions, existing or

future, in the "national interest." 'We believe that flexibility accompanied by national-interest waiver authority in all legislation is the single most essential element if we want to make sanctions work," Undersecretary of State Stuart Eizenstat told a special Senate panel Tuesday. "We would support supplying this waiver authority to

all existing and future legislation." In exchange for that authority and a commitment by Congress to set strict criteria for enacting sanctions legislation, Mr. Rizenstat said, President Bill Clinton would be willing to sign an executive order designed to meet many of the concerns Congress has expressed about the damage done by unilateral economic sanctions to U.S. business interests.

Mr. Eizenstat spoke at the first public

meeting of an 18-member bipartisan Senate task force on economic sanctions. The task force was appointed in June by Senate majority leader, Trent ott, Republican of Mississippi. At the time, key senators agreed with the administration that the mandatory economic sanctions imposed on India and Pakistan after those nations tested -nuclear weapons in May had limited the

Clinton administration's options in ne-

gotiating their future weapons devel-

opment activities and threatened serious damage to U.S. farm exports. The administration had already created an internal working group, of which Mr. Eizenstat is chairman, to examine the proliferating use of economic sanctions as a foreign policy tool. Both groups were set up in response to a growing belief in the administration and Congress that the rapid expansion of sanctions imposed or planned on scores of countries, including Russia, China, Iran, Cuba and Burma as well as India and Pakistan, has called into question

their utility and effectiveness. Mr. Lott set up the Senate panel partly because no existing committee has jurisdiction over the issue.

Some sanctions are targeted at human rights and child labor violations, some at the proliferation of weapons, some at terrorism, some at abuse of the enviromment. Some are mandatory, some discretionary. Some affect multiple foreign countries, others are targeted at a single offender. The result is a crazy quilt of

prodded by the U.S. business community, are trying to bring under control.

The task force chairman, Senator
Mitch McConnell, Republican of Kentucky, said the job facing the panel was to balance U.S. economic interests with the desire to promote "improvements in ba-

proliferation, or defeating terrorism, narcotics trafficking and crime." But he questioned whether Congress would be able to fashion a "one size fits

all" set of criteria for determining when sanctions would be useful.

Pakistan to be creative in avoiding an arms race on the subcontinent."

holding off on the details of any new sanctions surviving the evaluation. In exchange, he said, the president would issue an executive order, negosunset clause" ending the sanctions after a fixed time, the protection of most

minded him of Richard Nixon's behavior during the Watergate affair. Mr. Byrd, considered the chamber's leading authority on the constitution, said in a Senate speech that Mr. Clinton's behavior had undermined the values parents teach their children. But he also urged against a rush to judgment. "It is my suggestion that everyone should exercise some self-restraint

universally observed, Senator Robert

Byrd of West Virginia, a respected se-

nior Democrat, said that Mr. Clinton's

handling of the Lewinsky scandal re-

handled remains unclear. Mr. Gingrich

said that a House resolution dealing

with the process would be required, and

that until that time, the report would be

kept under lock-and-key by the House

sergeant-at-arms.

against calling for impeachment or censure or for the president's resignation," he said. "Who knows? I may do that before it's all over. But not now." Meanwhile, disagreements lingered on the question of releasing the report. Precisely how the Starr report will be

Me Gephardt had expressed concern

of the planning process for possible infeachment bearings. Mr. Bonior said that the Democratic actions. But he advised the president to make his regrets clear to the public, "on a continual basis" over coming weeks

fail. They want to see him succeed."

critics, Representative Dick Armey of Texas, House Republican leader, said, 'I will have an attitude that there will not be partisan tirades." He said this would

should not move a day later."

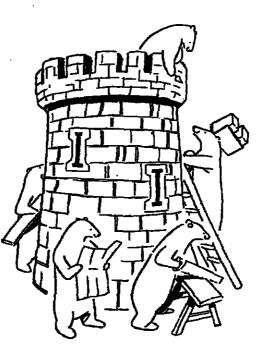
our prospects in the fall."

bipartisan or nonpartisan way.` The assumption that impeachment

planning for impeachment," he said. The committee is expected to review the Starr report, and if it finds reason to believe that the president is guilty of impeachable offenses, it will send it to the full House. If a simple majority there approves articles of impeachment, a trial

The rhetorical restraint that characerized the meetings Wednesday was not

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#### ASIA/PACIFIC

## Mahathir Caught in Web Of Internet Awareness

#### Press Curbed, Malaysians Go On-Line for News

By Thomas Fuller tional Herald Tribune

KUALA LUMPUR — Malaysia's headlong rush into information technology is receiving strong support these days, although perhaps not among the crowd that Prime Minister Mahathir bin Mohamad had intended when he lannched a national Internet awareness

program last year. Frustrated by a near total news black-out in local newspapers, Malaysians are turning in increasing numbers to the Internet for news about Anwar Ibrahim, the country's former deputy prime min-ister who was dismissed last week by Mr. Mahathir for what he calls Mr. Anwar's poor character.

Since Mr. Anwar's ouster, thousands of Malaysians have logged on to Web pages and chat groups dedicated to the topic, such as Anwar.com.my, a site set up by his supporters, and a mirror site located outside of the country: www.anwar.cjb.net,

Now that we have internet we can read about five newspapers a day foreign and local," said an engineer in his 30s who was among several thousand people Wednesday at what has become a nightly gathering at the deposed deputy prime minister's home.
"We get both sides of the story."

One of the sites had recorded more than 100,000 visitors by Wednesday

Internet usage in Malaysia is still relatively limited. There are about 500,000 Internet accounts in the country out of a total population of 22 million.

MEMORIAL SERVICE

IN THE NAME OF GOD,

THE MERCIFUL

AND THE COMPASSIONATE

A Memorial Service will be held

on September 13, 1998, at 10 o'clock.

In memory of the late and deeply regretted

SLEIMAN ALI ABOU TAAM

and

SOUAD HASSAN KHALIL

(SAYYED)

who disappeared tragically in the fatal SR 111 accident,

September 3, 1998.

Their children: Ali and Hicham and Noura.

Brothers of Sleiman: Salem and the late Salim

Brothers of Souad: Rached, Adel and the late

Mosque Al-Hajj Matar Husseiniah,

Near the Sharour Establishment, Beirut, Lebanon.

Sisters of Sleiman: Mariam, Khairiah, Sanniyah

and Fatmeh.

Sisters of Souad: Mariam, Bahia, Najat and the late

Verses from The Koran will be recited,

followed by a funeral oration.

Airport Highway (between Shalita Round and Airport bridge)

Fahima and Nassima.

But the increasing reliance on the Internet for news and information highlights a problem faced by Malaysia and other authoritarian governments around the region. The country's leaders want to promote Internet literacy in order to move into the information technology business, but they also want to retain tight controls on local newspapers and television stations.

Some countries, like Singapore and China, monitor Internet content and filter out sites that contain any material they deem harmful. Mr. Mahathir, who is said to be an avid Internet user, has in the past rejected such measures, saying they are both impractical and not totally

But the ongoing dispute between Mr. Mahathir and Mr. Anwar may push the government to seek tighter controls over

Mr. Anwar's speeches are drawing increasing numbers of people, many of whom have organized themselves over the Internet.

"I got fed up with the news in the papers," said a bank employee at Wednesday night's speech. "And then I received an e-mail from somebody who came here a few nights ago and described what he saw. I'm going to tell everyone to come here tomorrow."

There is already talk among Internet users here that Anwar.com.my has been blocked by the government. "Last week I could get access to the site but since last Saturday I haven't been able to get it," said an employee of one of the country's Internet service providers. "Maybe they've banned it."



Anwar Ibrahim appearing with his wife at a press conference Wednesday.

Officials at the government-owned company that carries the site on its server — and who thus have the power to pull the plug on the site — could not be

Last month, the government arrested three people accused of Internet "rumor-mongering." They were accused of causing panic about riots in Kuala Lumpur that never happened.

The three suspects, who were detained under the country's Internal Security Act, were found after investigators requested that the government-

owned Internet provider, Mimos Bhd.

— the same company that hosts Anwar.com.my — provide help tracing the
e-mail messages back to their source.

People attending Wednesday night's
speech said they were frustrated by the

minimal coverage the Malaysian papers were giving to Mr. Anwar. "A bit unfair to say the least," said Syed, a 31-yearold engineer from Kuala Lumpur.

Mr. Anwar has issued calls for reform and more press freedom to the thou-sands of nightly visitors to the streets

# UN Rights Chief, in China, Assails Woman's Arrest

By Erik Eckholm
New York Times Service

BEIJING — Security agents dragged the wife of an imprisoned dissident through the lobby of the Hilton Hotel here Wednesday and detained her, moments before the visiting United Nations human rights commissioner gave a speech in a nearby room on democracy

Chu Hailan was standing quietly outside the hotel entrance, witnesses said, waiting a chance to ask the commiswaiting a chance to ask the commissioner to press the case of her husband, Liu Nianchun. A labor rights campaigner, Mr. Liu has been imprisoned for more than three years without trial and his wife has sought medical parole, citing high blood pressure and other ailments.

But plainclothes police and hotel se-curity guards grabbed Chu Hailan and bundled her, screaming, through the lobby. She was held in a hotel security room, then taken to a local police station and eventually freed, eight hours after she was first detained.

The UN rights commissioner, Mary Robinson, later told reporters that she was deeply concerned when she learned about the incident and raised it with Deputy Foreign Minister Wang Guangya, who assured her that the woman had been released.

Later, Xinhua, the state-run news agency, quoted a Foreign Ministry spokesman as saying: "Security guards removed a woman from the entrance of the Hilton Hotel because she was disturbing order at the hotel."

In her 10-day visit to China, Mrs. Robinson aims to build a constructive working relationship with Chinese officials and nudge the country toward better safeguards for individual rights. China has pledged to sign the in-

ternational Covenant on Civil and Political Rights this fall. That document guarantees freedoms of assembly and speech, which are often violated in China in the name of social order and national security.

Earlier this year, the United States secured China's agreement to sign the covenant in exchange for ending the annual pursuit of a resolution before the UN Human Rights Commission coa-

UN Human Rights Commission coademning China's record.

Diplomats argued that by joining the treaty, China would subject itself to regular assessments by ourside experts, a more effective wedge for change than hostile debates in Geneva.

But once China signs, it could be years before it ratifies the treaty, and Chinese officials have said they will file reservations for any sections that are inconsistent with Chinese law.

In her visit, which began last week-

In her visit, which began last weekend, Mrs. Robinson has publicly pressed China to sign the covenant

She has met with Chinese legal experts and justice officials, members of the Government-sponsored women's federation and officials in charge of policy on ethnic minorities. But government officials have made it clear that she is not expected to meet with any of

the country's dissidents.

Mrs. Robinson left Wednesday for
Tibet, where China is accused of using harsh methods to suppress support for the exiled Dalai Lama. On Monday, back in Beijing, she is expected to meet with the president and Communist Party chief, Jiang Zemin.

evacuation, but the step seemed inevitable despite the efforts of hundreds of

thousands of government workers and residents who stacked sandbags atop the

Dhaka-Narayangani embankment.
Across Bangladesh, more than 800
people have been killed and 35 million

people displaced or marooned in

flooding since monsoon rains began

July 10. Waterborne diseases contin-

#### BRIEFLY

## Trouble in Cambodia

Police Fire on Buddhist Monks Protesting Hun Sen; Opposition Steps Up Call for Leader's Resignation

The Associated Press

PHNOM PENH - Riot police on Wednesday opened fire on Buddhist monks and used clubs, guns and water cannon to scatter rock-throwing demonstrators demanding the removal of the Cambodian strongman, Hun Sen.

Opposition leaders vowed to intensify mass protests now in heir third day and showed no readiness to compromise with Mr. Hun Sen over his disputed victory in parliamentary elections July 26 that they say he won by massive fraud.

About 1,000 protesters were dispersed in morning clashes near the U.S. Embassy and the nearby residence of the opposition leader Prince Norodom Ranariddh, a new focal point of discontent since riot police smashed a protest camp Tuesday at the National Assembly.

Human rights workers reported a Buddhist monk was killed by gunfire in the Wednesday morning clash. At least one other monk was wounded, and others were beaten and pounded by a water cannon of the death could not be confirmed despite an exhaustive search of morgues and hospitals.

But on the streets people believed that several monks had

been killed, stoking anger against Mr. Hun Sen. They erected shrines where the monks were shot, burning incense and piling up the monks' broken parasols.

An Interior Ministry statement read over the radio Wednesday night denied that any demonstrators had been killed or injured, aside from one man who died Monday night under what it said were unclear circumstances. It blamed foreign news organizations for fabricating news of the monk's death.

Despite extensive video and photographic evidence to the contrary, it said that the crackdowns Tuesday and Wednesday

had been peaceful.

Leaflets circulated in the name of a monks organization urging people to rise up and overthrow Mr. Hun Sen. Many people expressed hope that the United States would help drive him from power.

"People are sorrowful and angry," said Lem Tong, 34, a businessman. "Monks are holy people. Hun Sen will keep killing people if he can. We want to overthrow this dictator."

## Burma Rounds Up

RANGOON — The National League for Democracy said Wednesday that 108 more of its party members had been detained by the Burmese authorities in the past 24 hours, bringing the number held in a crackdown that began

108 More Dissidents

over the weekend to more than 300. The military government has con-firmed that it has detained league members over the opposition party's vow to call a "People's Parliament" this month, but it has not given num-

Diplomats say the detentions mean the party, landslide winners of Burma's election in 1990 but never allowed to govern, would be able to assemble only a handful of elected representatives if it were to stick to its vow.

The government denied in a statement Wednesday that it had threatened to deport the party's leader, Daw Aung San Suu Kyi, and said the U.S. State had. It said articles that appeared in state newspapers Tuesday calling for her deportation were the opinion of the U.S. State Department spokesman, (Reuters) James Rubin.

#### North Korea Leader Appears at Parade

SEOUL — Kim Jong Il, North Korea's reclusive leader, appeared in

public in Pyongyang on Wednesday at a military parade and mass rally cel-ebrating the Stalinist nation's 50th birthday and his official assumption of

Troops marched through Kim II Sung Square, named after the leader's father who died four years ago, as aircraft flew overhead dragging ban-ners bearing portraits of both Kims as well as slogans pledging to defend Kim Jong Il with the military's lives, the Korean Central News Agency said.

But Mr. Kim did not make a speech. He looked on as his army chief of staff addressed "the mass civilian and military" rally, official monitors in Seoul said. Kim Yong Chun, chief of the general staff, told the crowd that the Korean People's Army will devotedly defend, the beadquarters of revolution headed by Kim Jong II in the spirit of human bombs and suicide

#### Dhaka Gets Ready For Flood Exodus

DHAKA, Bangladesh — Disaster officials prepared Wednesday to evacuate 600,000 people on the outskirts of Dhaka, fearing collapse of an embankment protecting Bangladesh's capital from rising floodwaters.

Half the capital is already at least knee-deep in water, and an influx of so many people seeking shelter in its schools and government offices would further strain Dhaka's resources.

ned to spread. So far, hospitals have reported 175,000 serious cases of diarrhea, which can lead to fatal de-**Poll Shows Support** 

# For Obuchi Falling

TOKYO — Public support for Prime Minister Keizo Obuchi has fallen to 16 percent, a nationwide poll published Wednesday showed.

The survey, conducted by the Mainichi Shimbun newspaper from Sept. 4 to 6, showed that Mr. Obuchi's support rating had fallen nine percentcorded in the previous poll in August.

Some respondents said Mr. Obuchi lacked leadership qualities. Others criticized his plans for stabilizing Japan's tottering financial system, the newspaper said. Mr. Obuchi's 16 percent support rating tied him with that of the then prime minister Zenko Suzuki in a survey taken in September 1982. Mr. Suzuki, whose nondescript political persona earned him the sobriquet "Zenko who?" stepped down shortly after that poll. (Reuters)

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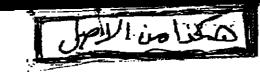
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gold' was in this may never be known," their victims instead Mr. Eizenstat said later. "We came up them to their heirs.





Emrys Davis of the Tripartite Gold Commission showing an account book of restitution to Stuart Eizenstat, center, a U.S. undersecretary of state, and Clande Martin of the French Foreign Ministry on Wednesday in Paris.

# Closing the Books on Nazis' Gold

After 52 Years, Most Is Returned to Countries Occupied During War

By Craig R. Whitney

PARIS - An international commission set up 52 years ago to return gold that Nazi Germany seized from central -banks of countries it occupied closed its books and dishanded Wednesday after returning most of the last 6 tons to the original claimants.

The Tripartite Gold Commission delayed distribution of the gold, then valued at \$68 million, in early 1997 amid disagreements about going ahead despite the possibility that money, jewelry and dental fillings of victims of the Holocaust might have become mixed up with it.

After some hesitation, France joined the United States and Britain, the other members of the commission, in pledging money to a relief fund for individual victims who might have

About \$60 million so far has been promised to the relief fund by 14 countries, including most of the last claimants to get their money, and the total will probably rise to about \$70 million, Stuart Eizenstat, a LLS. tindersecretary of state, said Wednesday after a ceremony at the French Foreign Ministry to mark the milestone.

The mystery of how much 'victim

with an estimate of \$4 million, but it could be much higher."

The French Foreign Ministry, which has opened the Trilateral Gold Commission archives to the public, said France would contribute 20 million francs (\$3.45 million) to the relief fund. The United States has pledged \$25 million and Britain \$1.7 million. Of the original 370 tons of foreign

monetary gold reserves that the World War II allies recovered from Germany in 1945, only \$300,000 worth awarded to Yugoslavia has not been returned to the formerly occupied countries.

That gold would remain on deposit in

the Bank of England, officials said, until Yugoslavia's successor states could agree on who should get it. The actual amount of gold that the

Nazis seized from the banks of occupied countries and from victims of the Holocaust was much higher than the amount the Trilateral Gold Commission recovered

Some is thought to have gone to Switzerland, which has been in an uproar for thost of the past two years over accusations by lewish groups. They charge that neutral Swiss authorities knowingly fenced gold belonging to Holocaust victims for the Germans, and that Swiss banks held onto assets of their victims instead of trying to restore

Stung by the charges, two Swiss banks, Union Bank of Switzerland and Credit Suisse, agreed last month to settle claims against them for \$1.2 billion. Switzerland will also hold a refer-

endum next year on setting up a \$4.7 billion fund for humanitarian purposes in expiation, but approval is uncertain.

We know that public opinion in Switzerland is very raw at this point," Mr. Eizenstat said Wednesday. "We hope that by the time of the referendam next year, with the leadership of the Swiss government, that public opinion will approve."

France decided only last year to renew efforts to find the owners of hundreds of art works seized by German occupation authorities or their French collaborators during the war, and is trying to produce a complete inventory from files that had lain untouched for most of the past 50 years.

Insurance companies that failed to pay claims to survivors of Holocaust victims and German companies that employed slave laborers during the war are the latest to face class action lawsnits.

Austria said Wednesday that after years of refusing to allow art works to be shipped out of the country to claimants living abroad, it would now agree to return hundreds of objects of art that had been confiscated by the Nazis to their rightful owners wherever they were.

# EU Warns Italy Over Milan Airport Shift

By Barry James

BRUSSELS - The European Commission announced plans Wednesday to get tough with Italy over its attempt to force foreign airlines to move to an airport as much as 80 minutes by taxi from Milan, while allowing the Italian carrier. Alitalia, to continue using an airport on the edge of the city.

The commission, the executive arm of the European Union, gave Italy a one-

Southern Italy Hit

By Strong Quake

causing minor damage in several

towns of the poor, mountainous Ba-

miles) southeast of Naples, was the

site of a major earthquake on Nov. 23,

1980, that killed more than 3,000

one of Italy's most devastating nat-

ural disasters this century. But several hours after the quake

struck, officials said there were no

A year ago, quakes shook Italy's central Umbria and Marche regions.

killing 11 people, leaving thousands

homeless and bringing down the vaulted ceiling of the Basilica of St. Fran-

reports of serious damage.

silicata region, officials said.

the regional capital of Potenza.

week reprieve to come up with a plan that would stagger the move until adequate rail and road links have been built to the recently enlarged Malpensa Airport - which could take several years under the best of circumstances.

Malpensa, northwest of the city, is primarily reached via crowded national nighways. The expanded airport will become dramatically more difficult to reach if, under Italy's present plans, another 11 million passengers a year start using the airport after its Oct. 25 official inauguration. Four million people a year already use Malpensa.

Airlines from nine EU countries have complained that the move would put them at a competitive disadvantage with Alitalia, which feeds its hub at Rome's Leonardo da Vinci Airport from Linate Airport, on the southeastern edge of Milan. Linate is a short ride from central Milan by taxi or public transport.

Neil Kinnock, the commissioner in charge of transport matters, said the current plan was clearly discriminatory and illegal under EU competition laws.

"We are looking for a solution which would enable a viable number of passengers to go to Malpensa, but in a manner which is not discriminatory, Mr. Kinnock said. "In recent days, the Italian government has signaled its willingness to negotiate, and discussions have already taken place. I am ready to continue negotiations. My purpose is to secure adherence to the law

Italy will automatically be declared in breach of EU law, he said, unless it gives satisfactory assurances before Wednes-

day, when the commission next meets. Mr. Kinnock said it was unfortunate that Italy was forcing passengers to use an airport without first ensuring that they could reach it easily. Italy received sub-stantial EU funding for the \$1.8 billion terminal and runway expansion, includ-ing credits to build the road and rail links that were detailed in the original plans.

A highway from Milan is not expected to be completed before next the end of next year, and rail links still are

under study. The Italian government has ruled that only routes with more than 2 million passengers annually can continue to operate from Linate, which is overcrowded and frequently closed due to fog. Only one such route exists: Alitalia's service to Rome. The approximately 450 other flights a week operating from Linate are

to switch to Malpensa. Mr. Kinnock declined to be specific about what could follow from a commission decision to declare the Italian position illegal. But a spokesman said the commission could give foreign airlines a strong legal basis to challenge the decision in court while refusing to shift their operations from Linate. "It could be chaos," the spokesman said.

Mr. Kinnock acknowledged that Italy could appeal to the EU's council of ministers. Such a recourse has never been tried before, and officials said Italy would be certain to lose because the other governments would support their national airlines. But the waiting period would increase the uncertainty for the airlines, which are unable to prepare their winter timetables until they know which sirport they will be operating from.

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Paris Rule in Corsica Is Deemed Corrupt PARIS - French rule on the Mediterranean island of Corsica was denonnced as rotten and corrupt in a report by a parliamentary committee of inquiry to Prime Minister Lionel Iospin on Wednesday.

The probe was commissioned after ssination of the prefect, Claude Erignac, France's top administrator on the island, who was shot Peb. 6. The report denounces widespread

BRIEFLY

POTENZA, Italy — A strong earthquake shook southern Italy on cheating in the use of public funds and grants and the allocation of public housing and income support to un-employed people, which was more than twice the rate of regions of main-Wednesday, killing one person and land France.

The quake measured 4.8 on the The all-party report of the committee, chaired by a Socialist, Jean Richter scale. Its epicenter was near Glavany, described the situation on the island as "pre-Mafia" and urged French governments, present and fu-ture, to follow the hard line adopted The quake was felt across most of southern Italy, from the Mediterranean to the Adriatic, from Naples to by Bernard Bonnet, the prefect who succeeded Mr. Erignac. Calabria at the southern tip of the Potenza, some 150 kilometers (95

The report urged the government to drop the idea that it could buy peace from Corsican nationalist groups through 'tax breaks, writing off debts

#### Thousands of people fied their homes in panic Wednesday, fearing a repeat of the 1980 quake, which was Greeks Up in Arms Over Hunting Ban

ATHENS - Greece's hunters and its Agriculture Ministry on Wednesday said they were furious with the country's highest administrative court for

suspending the hunting season.

The Council of State has ruled in favor of an objection by two environmental organizations and suspended the hunting season. ded the bunting season until Dec. 9, It was to continue until Feb. 28.

There are about 250,000 registered

hunters in Greece. Bird hunting in Greece is also popular with Italians. The ministry said it would issue a new decree Thursday to get around the court decision and restart the hunting season. The ministry said it would take the court decision into account, but justified its action by saying that people have the right to hunt. (AP)

#### INTERNATIONAL

# Russian Crisis Erodes Professionals' Dream Jobs and High Lifestyle

By Celestine Bohlen New York Times Service

MOSCOW — The music is still playing and the beer is still flowing, but three weeks into Russia's latest crisis, the good times at the Chesterfield Café - a popular watering hole for Moscow's high-living young professionals — are

manager, Martin Bainbridge, who left London's nightclub business two and a half years ago to take part in Moscow's half, I have had people coming in here, saying this is their last drink in Moscow.

boom, working for banks, real estate and advertising agencies, start-up compa-

money as if there was no tomorrow. It has also cut a swath through the enument tax collectors. class of foreign bankers, brokers, traders, technicians and adventurers who came here to cash in.

packing their bags.

professional elite had been insulated from Russia's economic ills. Their sal- the air as Russia's "This is the quietest night of the aries—paid on time and in dollars, or at major television ietest week," said the Chesterfield least pegged to the dollar—were high, channels cut back least pegged to the dollar — were high, channels cut back in some cases higher even than Western on daytime pro-

Their appetite for the good things in of a drop in advergiddy expansion. "For a week and a life — from expensive restaurants to tising.

decigner clothes — changed the face of The bad news designer clothes — changed the face of Moscow, giving it a flashy, if sometimes has come on like a

nies and Western companies, and spent ling gray economy, which has stub- some employers are describing it, tem- as much as a third.

bornly persisted below the radar of gov- porary unpaid holidays.

studio's programs were being pulled off new middle class.

gramming because

But it is worse for the Russians, who are at the bottom, watching their ruble literally disintegrate."

Work in Moscow—a city that to the rest of Russia seemed like Disueyland, The financial turmoil that has brought

The financial turmoil that has brought steamroller. First came the banking imported wines and liquor.

Now, in less than a month, all that has changed drastically. Cash registers are silent at Moscow's chic boutiques, the 'It is as if somebody came in and telephones are quiet at foreign auto Mikheyev, a Russian television produ-Until these recent weeks, Moscow's cer, who was informed Tuesday that his other vacation spots favored by Russia's ready to take whatever."

> Expensive restaurants are seeing It is as if somebody came fewer diners, who, according to one in and turned off the manager, are talklights,' a TV producer said. ing more and

unemployment, officially, was less than ary cutbacks, and now - with been laid off, sent home on temporary 1 percent and that didn't count the bust-increasing frequency - layoffs, or as unpaid leave or have found salaries cut

orary unpaid holidays.

"We are getting applications from all hanging on has become agonizing. Lud-mila Salnikova, editor of Health, a magazine insert, has seen its pages redicant at Moscow's chic boutiques, the director of Normal DL Consulting, a director of Normal DL Consulting, and director of Normal DL Consulting, a director of Normal DL Consulting, and director o beadhunter that recruits for top financial

> The tune has changed since the days when young, well-educated Russians with degrees and foreign languages could take their pick in the job market. 'It was really a mad situation." said Michael Obermayer, chairman of the Eastern Europe division of McKinsey & drinking less once Co., the big management consulting they see the exorfirm, recalling how he had to make a bitant prices for hard sell to convince Russians with busi-

ness school degrees to accept the firm's News on Moscow's rumor mill is standard salary of about \$100,000 a year. Russia to its knees is taking a big toll on the small but visible middle class that arose here on the wave of this city's advantage of their newfound freedom—

Russia to its knees is taking a big toll on triches — was easy to find, particularly the ruble, which has sent prices skyrocking the ruble, which has sent prices skyrocking the ruble which has sent prices skyrocking and completed the stores and marangement from the wave of this city's advantage of their newfound freedom—

Russia to its knees is taking a big toll on triches — was easy to find, particularly the ruble, which has sent prices skyrocking and completed the stores and marangement from the wave of this city's advantage of their newfound freedom—

Russia to its knees is taking a big toll on triches — was easy to find, particularly the ruble, which has sent prices skyrocking on the statistics. By the estimates of the ruble, which has sent prices skyrocking the ruble which has sent

foothold in their new world order, just cent.

Monware Ti

Her own handsome \$2,000 a month Now that it is crashing, some are turned off the lights," said Igor showrooms and travel agencies are re- and business companies. "Our advice is salary was also halved, and then cut again as the ruble's value is just a third of what it was against the dollar three

> weeks ago. "People are in a state of shock," said Mrs. Sahikova. "We will print this year's last edition in October, and after that - we don't know. There is complete silence.

Gloom has also settled in among Russia's foreign community, particularly in the financial sector, which has been hard hit by the collapse of the stock market and the banking system's paralysis.

standard salary of about \$100,000 a year.

"In the heyday here, Russian companies were literally promising them the world. I spent hours telling these applicants to Now for many Muscovites, who arises by an average of 30 percent, with scrambled in recent years to find a senior executives taking cuts of 50 per-

## Bonn to Seek Ex-Terrorist's Extradition

BONN - Prosecutors said Wednes- journalist. day that Germany would request the extradition from France of Hans-

Mr. Klein, 50, is wanted in Germany on charges of murder and kidnapping and is also sought by Austria. He was arrested on the run for more than 20 years.

He was detained by an anti-terrorist attack, the 1975 kidnapping of OPEC oil squad near the village of Sainte-Hon- ministers in Vienna, in which three orine-La-Guillaume, in Normandy, people were killed. where he had been living for years under

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Herald Eribune

Job Tilmann, a Frankfurt prosecutor, said the Justice Ministry in the state of

The Federal Office for Criminal Investigation said that Mr. Klein had been tracked down in a joint operation by Tuesday in northern France after being French and German police. He allegedly took part in Carlos's most spectacular

An Austrian Justice Ministry official

an assumed name and working as a said that Austria would also apply for Mr. Klein's extradition.

After the kidnapping of the oil min-isters, Mr. Klein was believed to have Joachim Klein, a former accomplice of Hesse planned to file the extradition taken refuge in Libya. In 1978, he annunced his defection from the terrorist group, saying that he had become frightened by Carlos's ruthlessness. He sent his pistol and ammunition to the magazine Der Spiegel along with details of planned assassinations.

Later, in a book published in Germany titled "Return to Humanity," Mr. Klein repudiated his actions and denounced Carlos as a megalomaniac and murderer. The German interior minister, Man-

fred Kanther, hailed the joint operation as an example of international police cooperation in the fight against terrorism. "There are still suspected terrorists at large," he said. "The tireless search for them will go on. All those who are

wanted will eventually be caught." Investigators said they had established parallels between Mr. Klein's interviews and publications and those of the journalist, who had lived in the Nor-mandy village for five years. They said of the arrest.

The Venezuelan-born Carlos, whose real name is Ilich Ramirez Sanchez, was arrested in Sudan and brought to France in 1994. He was sentenced to life in prison last December for the 1975 killings of two French secret service agents.

Liberto e com conficultività



he confirmed his true identity at the time A trader at the Moscow stock exchange taking a respite on Wednesday as the ruble showed some strength.

## RUSSIA: Communists Threaten to Force Impeachment of Yeltsin

Continued from Page 1

seclusion at his Gorky-9 resprime minister.

Mr. Yeltsin provided no Mr. Primakov. public indication that he was prepared to yield. And Yuri was that the economy was go-Luzhkov, Moscow's popular ing to deteriorate as the polit-and energetic mayor, said ical wrangling continued.

Wednesday night that he berenominate

what Mr. Yeltsin would do. Alexander Lebed, the and other goods have dried up with 20 on Tuesday.

Krasnoyarsk regional gov- as Russia's currency has emorand former general, predicted that Mr. Yeltsin would idence outside Moscow and eventually yield to the de-without a viable candidate for mands of the opposition and nominate Mr. Maslyukov or

Chernomyrdin. Nobody with shortages of drugs in Wednesday. The central bank could be sure, however, just pharmacies and hospitals. set an exchange rate of 15 Imports of food, medicine rubles to the dollar, compared

World Poverty Rising, UN Says

fallen in value and its politi- ive. The change, economists cians have struggled in vain to .. said, was largely the result of agree on a prime minister. ... buying by banks and other

Meanwhile, the scarcity of customers who needed rubles goods and some old-fash to pay their debts.
ioned profiteering have sent . . It did not indicate a vote of Mr. on medicines, a step to cope rose somewhat in value on

What was clear, however, prices soaring. The State Sta- confidence in the battered tistics Committee reported economy. The Communistthat prices went up by 36 per-dominated Parliament has ofcent during the first week of ten engaged in loose talk lieved Mr. Yeltsin would emment lifted import tariffs good news was that the ruble large, the efforts have not

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amounted to much. But the impeachment procedure has taken on a new urgency as deputies seek to stave off the possible dissolution of the body and new

elections. To pursue impeachment proceedings would require 300 of the 450 votes in the Duma, more than the Com-

munists command. It is much harder, of course, to actually remove the president. Any decision 30 oust Mr. Yeltsin would have to be approved by a twothirds vote of the upper house

and by the courts. The Communists' goal, however, is not so much to remove Mr. Yeltsin by parliamentary means as it is to force a constitutional standundermine Mr. Yeltsin politically. The Communists are not the only ones working on impeachment. The liberal Yabloko Party, headed by Grigori Yavlinsky, is press-

Yelena Mizulina, a
Yabloko deputy from
Yaroslavi, is deputy chairman of the Parliament's Impeachment Commission,

She said the commission is planning to complete the ar-ticles of impeachment this week so that the full body can vote on them as early as Mon-

The main charges will center on Mr. Yeltsin's role in the dissolution of the Soviet Union, his decision to open attillery fire on Parliament of October 1993 and then the long war in Chechnya.

She said that Mr. Yeltsin's decision to propose a compromise candidate would only slow the push for an impeachment vote.

Meanwhile, behind-thescenes negotiations continued at Gorky-9.

Asked whom Mr. Yeltsin would nominate, Mayor Luzhkov said: "You need to know Boris Yeltsin. I think Chemomyrdin."

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THE HAGUE — Even in the world's wealthiest countries, the ranks of the poor are growing and many are being denied the basic rewards of affluence - getting a job, learning to read and living longer — a United Nations report said Wednesday. Poor people living in leading industri-alized countries such as the United States

and Britain suffer from "multiple deprivation" of basic human needs, the annual report of the United Nations Development

The Associated Press

Researchers examined income, education, life expectancy and health care in assessing the quality of life in 174 countries. Among their findings: 16.5 percent of Americans live in poverty despite the fact that the United States leads the world in per-

in poverty; Britain follows with 15 percent. Sweden was ranked first among developed nations in spreading the wealth, with less than 7 percent of its citizens living

Worldwide, the richest countries are home to more than 100 million people who live in poverty, the report said. In the industrialized world, it said, at least

37 million people are unemployed, 100 million are homeless and nearly 200 million have a life expectancy of less than 60 The report includes a "human devel-

opment index," ranking countries according to progress in improving life expectancy, education and income. For the fifth consecutive year, Canada was first, followed by France, Norway, the United States and Icecapita consumption of goods and services. In Ireland, 15.2 percent of the population lives and Sierra Leone were at the bottom.

## CAREERS IN TECHNOLOGY



Organization for Security and Co-operation in

The OSCE is an international organization with some 1.700 staff in Institutions and Missions and has an annual budget of over ATS 1.4 billion. Its main office is in Vienna. The OSCE is now seeking candidates to fill two posts of

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# **CribTech**

# gh Lifestyle \* A Software Titan Sets Out to Sea

By Evantheia Schibsted New York Times Service

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ENLO PARK, California — When people on Wall Street think these days about the entrepreneur Jim Clark — founder of Silicon Graphics Inc. in 1982 and cofounder of Netscape Communications
Corp. in 1994 — their thoughts most
likely involve his third start-up, Healtheon Corp. That is because Healtheon, an on-line service for the health-care Industry, is planning a widely anticipated public offering in late September. But Mr. Clark, chairman of Healtheon and a major investor in it, seems nearly as intent on a separate autumn launching, set for mid-November.

That is when the 155-foot (47-meter)

sailboat Hyperion, a highly computer-ized vessel that Mr. Clark began plan-ning in 1995, is to start its maiden voyage from a port in Amsterdam to the Caribbean island of St. Barthelemy.

"I've been working harder on this project than I have any time since the beginning of Netscape," Mr. Clark said. Although work on the Hyperion has involved long hours lately and frequent trips to the Netherlands by chartered jet, Mr. Clark shows no signs of travel fatigue as he speaks excitedly about the yacht, which outside experts estimate is costing him \$30 million to build

"It's an RV — a luxurious RV," Mr. Clark said. "A self-contained, extremely sophisticated vehicle made for a harsh environment. And it has the most complex nonindustrial automation system that's ever been built "

If this last superlative sounds like a sales pitch, someday it just might be. More than the expensive hobby of a man with an estimated net worth of \$600 million, the Hyperion has begotten yet nother Clark start-up - Seascape Communications, a venture in which he and three former Silicon Graphics enhineers have been developing the techaological guts of the sailboat. Someday, Mr. Clark said, some of their work may find its way into marketable products.

Because no commercial system ex- arrayed. On many modern ships, these isted for the computerized operating and navigational system that Mr. Clark had envisioned for Hyperion, he decided to create his own. "I had a particular idea in mind," Mr. Clark said. "I wrote 20 percent of the Hyperion's software code. I built an underlying set of tools, and the engineers used that as a nucleus."

The result is an aluminum-hulled vessel housing 20 powerful Silicon Graphics computers, 37 miles (59 kilometers) of network cables and 500 billion bytes of storage for an electronic log that will automatically record everything that happens with the ship, from changing the oil to hoisting sails totaling 13,000 square feet (1,170 square meters).

"Tim is shorting over the beginning

'Jim is shooting over the horizon and our objective is to meet him on the horizon," said Jan Bokxem, who is overseeing the installation of the ship's computer systems at the Royal Huisman Shippard in the Netherlands. "The industry isn't ready yet for some of what he's requesting. Everything on Hyper-ion needs to be controlled and interfaced

The ship's data and control systems are automated on a central server computer, where all monitoring data is formatted and entered into a database that becomes part of the ship's memory. The idea is for this database to help teach the ship, its captain and crew to sail better, using past experience to determine optimal sail settings for specific wind conditions, for example, (Not that Mr. Clark is expecting Hyperion's captain, Alan Prior, who has been a crew member in the America's Cup and Whitbread races, to require much tutoring.)

terminals throughout Hyperion will offer passengers amenities like activating towel heaters in bathrooms, selecting wine from the cellar, or choosing a CD from the 700-plus titles in a music library. But most noteworthy may be Hyperion's bridge - the control deck, which

Each of the touch-screen computer

tems from various vendors, with readouts that are difficult to consolidate to provide a single look at overall operations.

devices tend to be a hodgepodge of sys-

By contrast, Hyperion's stream-lined bridge has six 20-inch com-puter screens displaying virtual instruments designed to look like conventional ones and using software that can automate all of these monitoring functions and integrate them into a single operational system.

This approach makes it possible for the captain on the bridge, the owner from a remote location and the crew members from various positions on the ship to have access to the information and to give commands -- assuming they have personal-identification numbers that authorize them to do so.

"Even though Hyperion's system is sophisticated and complex, it's simple in terms of what the user sees," Mr. Clark said. "Simplicity is the comerstone of everything technical."

Between preparing for Healtheon's initial public offering and Hyperion's furst voyage, Mr. Clark said he had scant free time to chart the start-up's future. He does plan to keep Seascape's engineers employed for at least a year after Hyperion sets sail, initially to debug the system and then to explore the potential for commercializing the software.

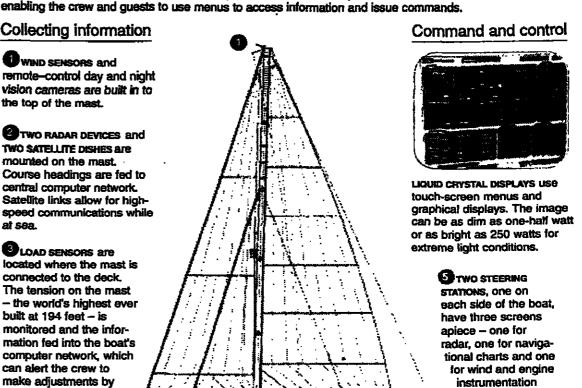
He said he doubted that Seascape

would pursue the obvious niche for Hyperion's system, the yachting in-dustry, because he sees the market as too narrow. More likely, he said, the software would be marketed to complex environments like petroleum-processing plants, where many sophisticated operations must be monitored over a wide area.

About the only thing that is virtually certain for Mr. Clark, who calls himself a "half-entrepreneur, half-venture capitalist," is that something more than a fancy sailboat lies over the horizon. "I on most yachts is where the various don't like spending this much time and energy on just a hobby," he said. gauges and monitoring instruments are

#### Not a Sailboat, a Boat Operating System

Jim Clark, founder of Silicon Graphics and co-founder of Netscape, has taken an integrated approach in designing his technologically advanced sailboat, the 155-foot Hyperion. All systems on the boat, including navigation, radar, instrumentation and engine controls are linked to a central computer network where data are processed and stored. Twenty-two computer screens are set up in various locations around the boat. enabling the crew and guests to use menus to access information and issue commands.



trimming a sail or

changing course.

Омрител поом (below deck) has 20 Silicon Graphics computers for data analysis and storage.

**ALT** /Commentary

## The Internet Is a Two-Edged Sword

HE coordinated raid by authorities in 14 countries on far, allowing law enforcement agents to leap the boundaries an alleged ring of on-line child pornography purveyors raises — again — one of the longest-running conundrams connected with Internet technology. Since the medium combines powerful access to ather people --including, in many cases; children and the amprotected or naive - with anonymity and the privacy of the user's home, it can unleash the worst instincts in people who might otherwise have been deterred by the practical obstacles to, say, exchanging illegal pictures of children

engaging in sex. How else even begin to explain the extent of horrible activities spotlighted by the raid on the so-called Wonderland Club, where as many as 200 members, and presumably many more, are alleged to have swapped and stored obscene images of minors? (The Net evidently also increases the ease with which people take part in activities that are legal but may be frowned upon in their community, such as gambling, viewing pornography or engaging in sex

As it feeds release from inhibitions, though, the Net also feeds the ability to pursue those who take that release too

1. HOW TINY CAN YOU GET?

\*International Business Machines

Corp. announced Wednesday an ul-

trasmall, one-inch disk drive aimed at

the explosively growing market for

hand-held computers and consumer

. The drive, which will not be

available commercially until mid-

1999, is particularly striking be-

cause it is intended to fit into the

same flash memory chip slots that

are now standard in digital cameras

∴ The new drive will store about 5

The device is particularly striking be-

cause chip makers have been boasting that their tiny chips will ultimately dis-

place rotating memory systems that were

and other consumer devices.

of about 300 hefty novels.

and digital cellular telephones.

appliances such as digital cameras

of geography and the practical limitations on investigating and infiltrating criminal circles.

The global child pornography raid last week involved unprecedented coordination of raids in the 14 nations, following investigations that added new Internet-only tools to the familiar battery of wiretapping and sleuthing techmiques. Undercover infiltration using an alias becomes far easier in cyberspace, not to mention safer. An American mvestigative unit called innocent images has notoriety for its ability to enter chat rooms and pick up tips on what illegal activities might be occurring in more private, coded or keyword-protected spaces.

Here, too, there is an analogy to legal activity, since groups that worry about the Internet's facilitating of "hate speech" also have discovered that it is far easier to troll for such speech and gather information about the groups that produce it. It will be years yet before we can say whether this latest technology, any more than previous ones, gives a true edge either to the doers of evil deeds or to their

This editorial appeared in The Washington Post.

## Clinton Signs Off on Digital Advance

By Eoin Licken Special to the Herald Tribuni

UBLIN — When President Bill Clinton applied his digital signature to a joint communiqué with Prime Minister Bertie Ahern of Ireland in Dublin on Friday, the two not only made a little bit of digital history, they also gave an unwitting lift to the

cause of strong encryption.

After the virtual signing, which involved both leaders using specially Drovided smart cards and entering secret personal numbers into separate laptops, Mr. Clinton admitted some ambivalence to "giving our virtual signatures.

He praised the document's broad commitments to the promotion of electronic commerce, rather than the method of signing it, saying it would help "to create an architecture for one of the most important areas of business activity in the century ahead."

The joint communiqué stressed the key role of industry in developing electronic commerce, encouraged the acceptance of electronic signatures for legal and commercial use, welcomed the lack of customs duties on electronic transactions and urged a clear tax policy on electronic commerce. The Irish government had proposed using digital sig-natures to seal it during Mr. Clinton's three-day visit to back the Northern Irish peace process.

But the signatures may prove more significant than the document's con-

Not only was it the first time two heads of government digitally signed a communique, it was also a vote of confidence in digital signatures and, by association, encryption, both of which are crucial for electronic commerce. Many analysts have estimated that electronic commerce will be worth hundreds of billions of dollars by 2002.

Proponents of encryption may now claim innocence by association. The administration has banned the export of high-security encryption software from the United States, but digital signatures and digital encryption are technological first cousins. The two use similar techniques for different purposes: Digital signatures guarantee the authenticity of a signed document, while encryption uses similar mathematical procedures to provide confidentiality.

Aware of White House sensitivity,



Bill Clinton and Bertie Ahern at a Dublin computer plant for the signing.

the Irish company whose technology enabled the digital signing stressed that there was no encryption involved. Paddy Holahan, vice president for business development of the privately owned Baltimore Technologies, said that while the two procedures are "mathematically very close," encryption ensures that only one person can read a document while a digital signature ensures that only one person can

Mr. Holahan said that the signing involved giving each leader a sample digital certificate, which is a publicly available key saying (in Mr. Clinton's

case): "This is the president." This certificate was loaded onto the microchip on his smart card, as well as published on a Web site. In addition, a 1,024-bit secret, or private, key was loaded onto the card. The digital signature was made with a combination of the information on the smart card as it was swiped through a card reader, the president's private identification number and a unique mathematical representation, or "hash," of the document

This signature, once added to the original document, can subsequently be verified using the president's public encourage a change of heart.

key, assuring readers that not only is this the president's signature but that it was applied to this document. Because the electronic signature in

cluded the hash of the signed document,

that are led infor-

mation from the

computer sys-

any subsequent alterations of the document would be highlighted during a check of the signature.

Mr. Holahan said the 1,024-bit private key provided a high degree of

protection from computer-assisted fraud, "By brute force it would take billions of years to duplicate or break he said. In contrast, those with powerful enough machines can break the 56-bit

limit on encryption software exportable from the United States. The current law, requiring that makers of stronger encryption software provide the government with a master key, has benefited non-American companies like Baltimore, which sells 128-bit encryption software.

But sources in the security software industry say no easing of the current U.S. restrictions is imminent, despite the likelihood that e-commerce will thrive where policies are more relaxed. such as in Ireland. They can only hope the president's digital signature may

#### vinch, weigh about half as much as a once as large as washing machines. IBM, however, has now succeeded in golf ball and store as much as 340 megabytes of information, or the equivalent

forming an alliance with compact flash manufacturers to create a standard that will permit users to choose either flash memory chips or the new one-inch disk drive interchangeably.

BRIEFLY

A giançe at technology sto	Ck indexes arou Tuesday close	previous week	% change year to date
Pacific Stock Exchange	316.02	921	8.76
Technology Standard & Poor's Technology Composite	860.74		22.97
Europe Morgan Stanley Eurotec	602.91	NE.	56.51
Asia Topix Electric	1582.66	199	-3.74

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at http://www.iht.com. Articles include: Europe Gains on U.S. in On-Line Commerce,

Not Ready for Year 2000, Sept.4 Airbus to Drop China Venture, Sept. 4 Judge Denies A Delay in Microsoft Sult, Sept. 5-6

 Airbus and Boeing Face Market Downdraft, Sept. 5-5 Fujitsu to Close its English Chip Plant,

Sept. 8 Messages Contrast From Planemakars, Sept. 8 Acer Backs Out of Deal to Purchase Stemens

Computer Unit, Sept. 9 Airbus Splits A Bonanza of Plane Orders With Boeing, Sept. 9

To reach TribTech editors or to comment on IHT technology coverage, send

a-mail to tribtech @ lht.com.

#### "This is an engineering marvel," said James Porter, president of Disk/Trend Inc., a market research firm in Mountain View, California. However, they still have to create

a new market." GETTING ORGANIZED:

Pranklin Electronic Publishers Inc. is unveiling a new generation of its Rex line of credit-card sized electronic organizers that allows mobile users to enter and edit data directly on the device. Franklin, a leading maker of

hand-held research devices, debillion bits of information per square IBM hatching a tiny disk drive Wednesday. veloped Rex Pro with Motorola Inc. unit Starfish, makers of software for light data entry and data transfer to personal computer-based information anagement programs. The combination gives mobile users

of Franklin's new Rex Pro the ability to view, enter or edit appointments, contact information and memos electronically while away from a PC. Rex Pro will be priced at \$230, in-

cluding StarFish TrueSync software and a docking station to transmit data back and forth between it and a personal computer. The price of the first generation Rex will drop to \$99.

The 1.4-ounce Rex Pro device has 512 kilobits of data storage, allowing it to hold up to 6,000 addresses, memos or other information, twice the space of the older Rex, which can be updated only (Reuters) via a PC linkup.

OPEN THE GATE, MATE: Europe Online Ashl, a Luxembourgbased Internet company, said it plans an initial public offering to finance its challenge to the likes of Yahoo Inc. and Excite Inc. in becoming Europe's premier gateway to the Internet.

The company, which is making money for the first time since its founding in 1995, wants its shares traded on the Luxembourg Stock Exchange in about six months, according to Candace Johnson, Europe Online's president. Analysts say an offering could value the company at between \$150 million and \$200 million.

Since declaring bankruptcy two years ago, the company is trying to become Europe's leading Web portal, or gateway guiding users to relevant Internet Web sites by offering services such as search engines, electronic mail and (Bloomberg)

# Crypto Laws Impel American to Become an 'Ex'

By Peter Wayner New York Times Service

OST people who leave the United States and settle in the Caribbean are probably lured there by a dream of secluded beaches, warm winters and other delights.

But Vince Cate says he sees the Caribbean as a world where he has complete freedom to write computer software and to send it around the world.

In 1994, Mr. Cate moved to Anguilla and helped install Internet service on that tiny member of the Leeward Islands. Several days ago, he went a step further and flew to Barbados, site of the nearest U.S. Consulate, to do the paperwork to renounce U.S. citizenship.

Mr. Cate, an encryption expert and one of the sponsors of an annual academic conference on financial cryptography in Anguilla, said he made the decision because he was setting up a new company, Secure Accounts, inten-

ded to design and produce basic soft- ance that it applies to secret weapons. ware to handle electronic transactions. The software will rely heavily on encryption to scramble data as a guard

against fraud, theft and embezzlement. After renouncing his citizenship, Mr. Cate said in an e-mail message that he wanted "to be free from the silly U.S. laws on crypto."

Normally, setting up an international company does not require renunciation of one's citizenship, but Mr. Cate's expertise in creating encryption software places him in a special class.

If he were to offer any advice to non-U.S. citizens about the encryption built into his financial-transaction software, he would violate U.S. laws, which treat the transfer abroad of such encryption as illegal international arms traffic.

These laws apply throughout the world and are intended to stop U.S. citizens from helping other countries

develop encryption software. The U.S. government looks upon en-cryption software with the same vigil-

Recently, many leading software companies, including Sun Microsystems and C2 Net, have opened facilities outside the United States, hiring foreign nationals to do the work. This has required complicated footwork to avoid violating U.S. export laws.

Before renouncing his U.S. citizenship, Mr. Cate became a citizen of Mozambique for a fee of about \$5,000. "This makes me an American-African," he joked.

SITES

AVS Online's European Crypto Page with interesting links: www.modeemi.cs.tut.fil~avs/eucrypto.html

Encryption Privacy and Security Resource Page, a good starting point for news on U.S. encryption policy:

# **Clinton Losing Support**

Bill Clinton returned to work this week in a Washington unmistakably transformed since his hedged, much ridiculed confession to the nation last month about his relationship with Monica Lewinsky. With Democrats increasingly allergic to their leader and Republicans no longer treating impeachment proceedings as unthinkable, he faces a rapid erosion of support that imperils his presidency. As an astate politician and adroit card player, he must by now realize that his incomplete explanations about Ms. Lew-

insky are a losing hand.

If Mr. Clinton wants to regain some control over his political situation, he must change course decisively and quickly. The country demands a serious presidential discussion about the Lewinsky case and its moral, legal and political implications. If Mr. Clinton chooses not to lead that conversation himself, it will be shaped by Kenneth Starr and may ultimately take the form of impeachment hearings in the House of Representatives.

Mr. Clinton's fellow Democrats did the country a valuable service last week by initiating a thoughtful debate about the president's behavior. Senator Joseph Lieberman, a longtime Clinton ally, made clear in an anguished, unsparing speech on the Senate floor that Mr. Clinton's cryptic comments would not suffice. Senators Bob Kerrey, Daniel Patrick Moynihan, Barbara Boxer and Ernest Hollings later voiced

their own misgivings.

With so many Democratic candi-

party will not rally to the president's defense unless he abandons his legalistic dodging.

Much now depends on Mr. Starr's report to Congress, which is being drafted with appropriate speed. Evidence of obstruction of justice, witness tampering or perjury might well propel the House toward the first stage of impeachment proceedings. Mr. Starr correctly rejected a request by Mr. Clinton's lawyer, David Kendall, for an advance copy of the report. The document is being prepared for a panel of three federal judges and the House. The White House will get its chance to reply in due time.

Mr. Clinton and his lieutenants want to believe that the president's job performance ratings make him impervi-ous to criticism in Washington. But the ground shifted under him during his vacation. He is no longer viewed as the victim of a zealous prosecutor but rather as a disappointing man who lied repeatedly to the country and his family. The velocity of events show how badly he miscalculated in offering an abbreviated statement to the country on Aug. 17.

Mr. Clinton last week belatedly edged toward greater openness by endorsing Mr. Lieberman's speech and calling his own conduct "indefensible." The same can be said of his continued refusal to talk to the nation. Another adjective that comes to mind is "self-destructive."

-THE NEW YORK TIMES.

#### Northern Ireland

Nothing has retarded peace more in Northern Ireland than the determination among the paramilitaries to retain an option of armed struggle. Hence the mutual hesitation to accept a trustbuilding program of agreed and supervised disarming of terrorists, or decommissioning." Hence as well the impetus now given to implement-ing Northern Ireland's Good Friday peace agreement by the latest statements from Sinn Fein, political wing of the terrorist IRA. The Sinn Fein president, Gerry Adams, declared violence "a thing of the past" and appointed its chief negotiator to start going back and forth between the IRA and the international official who is meant to

oversee disarming. Mr. Adams was acting in response to the latest terrible massacre conducted at Protestant power-sharing. He had been Omagh last month by a splinter of the IRA calling itself the Real IRA. IRA credibility cannot be established by a single statement. Still, to stop equi-vocating about violence and to declare it the 29 lives lost in Omagh the last "a thing of the past" is to give welcome impetus to the May peace agreement's

promise to resolve political differences

only by political means. The IRA's weapons are still mostly hidden and available for the resumption of terrorism. But the Adams statement means, if it is fully carried out, nothing less than the end of the IRA's long and bloody campaign to end Brit-ish rule in Northern Ireland. Progress on IRA decommissioning can only encourage the Protestant paramilitaries to follow suit. The British and Irish govemments have newly armed themselves with tougher powers to go after the splinters.

Days after his statement, Mr. Adams talked for the first time with the leader of Northern Ireland's largest Protestant party, David Trimble, on the sensitive subject, among others, of Catholicencouraged to do so by Bill Clinton, who made a useful stopover in Northern Ireland on his way back from Mosbloodbath in Ireland.

- THE WASHINGTON POST.

## The Home Run King

With what seemed like the whole country in attendance, Mark McGwire of the St. Louis Cardinals drilled his 62d home run into the bleachers of Busch Stadium and into the history books Tuesday night, breaking Roger Maris's 37-year-old mark of 61 homers in a single season.

It is possible that the man who has been shadowing Mr. McGwire all summer, Sammy Sosa of the Chicago Cubs, will overtake him before the season ends on Sept. 27. Yet whatever happens, this was a joyful moment to be savored and celebrated, by Mr. Mc-Gwire and by anyone who loves sports and baseball in particular.

He hit a home run in his first at-bat as a 10-year-old Little League player. He hit 49 home runs as a rookie in 1987 and is the only player to hit more than 50 home runs three years in a row. But what he has done this year is astonishing nonetheless

Making solid contact with a small object traveling 90 miles (145 kilometers) per hour is one of the hardest tasks in sports, and to do it with consistency and power is even harder. It is harder still when everyone seems to be watching, and when the prize is the most venerated record in American sports - a record unrivaled, as our colleague Murray Chass observed, for 'glamour, notoriety and its unyielding

grip on the American consciousness. The McGwire-Sosa show could not have come at a better time for baseball, which has suffered from rudderless leadership, petulant players, terrible labor relations and competition from other sports. The home run chase has completely overshadowed the opening

of the football season and the national tennis championships, and has filled thousands of seats in baseball stadiums that would otherwise have been empty at this time of year.

It has helped, too, that both men are likable, modest men who train hard and keep looking for ways to improve. When Mr. McGwire hit his 61st on Labor Day, surpassing Babe Ruth, nobody seemed happier than Mr. Sosa.

The only question mark has been the controversy over legal muscle-building supplements, especially in Mr. Mc-Gwire's case, but the fans and his fellow players do not seem to care. Supplements do not teach the art of hitting a baseball, and for that reason cannot account for the fact that Mark McGwire has become the most consistent home run hitter since Ruth. His is an amazing accomplishment, and with any luck baseball can find ways to build on it.

—THE NEW YORK TIMES.

#### Other Comment Strengthen Interpol

The war against terrorism will be a long one fought on many fronts, and great successes often result from individual law enforcement officers doing little things that at the time don't

seem glamorous or extraordinary.
Strengthening the capability of Interpol would give more law enforcement officers the information, equipment and know-how to do the little things in the short run that keep us all safe in the long run.

- Ronald K. Noble, commenting in The New York Times.

## Herald Tribune

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# For America's Sake, the President Should Resign

PARIS — Three weeks ago it was possible to say that resignation was the only honorable course before President Bill Clinton. Now it is the necessary course, for the country's sake.

His entourage has hoped that a polarized partisan debate in the House of Representatives might yet save him, mobilizing Democrats against Republicans. That has now been made impossible by the dignified but implacable indictment of the president on the Senate floor last week, by his former ally, Joseph Lieberman of Connecticut, followed by statements from other leading Democrats, including the man who deserves to be considered the conscience of the Democratic Party, Daniel Patrick Moynihan of New York.

Mr. Clinton presumably hopes to escape with only a congressional reprimand (which has no constitutional foundation). Senator Lieberman suggested that this might be the outcome.

It is conceivable that it might be,

since Congress, for comprehensible reasons, is reluctant to contemplate impeachment. However, this would not provide a satisfactory solution. The problem now concerns the nation, not the individual.

· If the president does not resign, nothing can prevent every squalid and dis-honoring detail of his affair with Monica Lewinsky, and of his attempts to conceal it, from being made public — to the disgrace of his family, the disBy William Pfaff

credit of his administration and the humiliation of those who have supported him, and Americans generally. If he resigns now he retains his dignity, spares others, and spares the na-

tion this degradation.
Serious matters await attention, but the administration and its foreign policy apparatus are all but paralyzed. The Washington political class, and television and the press, are obsessed with the presidential scandal. Only Bill Clinton can put an end to this.

He experiences, in a phrase from James Barrie, "the tragedy of a man who has found himself out."

It must be put into historical per-spective. The American political experiment had so extraordinary an influence on the world because of the nobility of the principles and language by which it was formulated, in the Declaration of Independence, the Con-stitution and the speeches and writings of those we Americans are accustomed to call the Founding Fathers.

We are their inheritors, in that the resident and others in high office have always been held to a higher standard than that of ordinary men and women. This may be unfair in personal terms, but it is an essential element in the historical continuity of the American political experiment.

conventions of the late 18th century, and the effect of those conventions was

to commit American government to certain elevated moral assumptions, and to the transmission of that commitment to those who followed. Men and women undoubtedly were no better in the 18th century than they are now, in their intimate sentiments

and character, but the public culture and morality of the time held them to a certain standard of public virtue, which, if it was not honored in the act, was honored in the breach. This was how they thought they had to behave. Such a conception of political virtue was part of American education and

culture until recently. Everyone recognizes the nobility of Abraham Lincoln's public utterances and acts. He may have been sentimentalized in the hagiographical accounts published after his assassination and in the early decades of this century, but the suffering of the man, confronted with the tragic choices posed by secession, civil war and slavery, is undeniable. He was a moral man, and a tragic one, in an American moral continuity.

A tradition of virtue in public service has existed in modern American gov-ernment. I think of George Marshall, wartime chairman of the Joint Chiefs of Staff, who after his service as Harry Truman's secretary of state was offered

The United States was conceived a million dollars — in 1950s dollars — within the intellectual and rhetorical to publish his memoirs. He refused, saying that an honorable man should not take profit from government service.

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I think of Truman himself, and his humble acceptance of responsibilities for which he was unprepared, and his courage in faithfully executing those responsibilities.

The United States truly has not been like other nations, because it is not a historical nation by origin. It was not "there." It was made. It was a con-struction which rested on certain principles and beliefs derived from the Scottish and French Enlightenments, and from the Christian culture of England and Colonial America.

From the beginning it considered itself a vehicle for elevating men and women, so as to cause them to become better than they might otherwise be.

An honorable man or woman is one who is prepared to sacrifice himself or herself to a principle, value or higher interest. This is not, perhaps, a common quality in public life. Its existence depends upon a public culture which inculcates such values. This has not recently been the case in America.

I would ask if the present situation might prove the occasion for a cathartic seizure of national conscience. Mr. Clinton, with courage, might do us that

> International Herald Tribune. Los Angeles Times Syndicute.

## The Big Postwar Institutions Are Becoming Obsolete

WASHINGTON — In glo-bal conventional wisdom,

the current crop of world leaders is not up to the harsh tasks that this inchoate age poses. But the human frailties and failings of Bill Clinton, Boris Yeltsin and the others do not alone account for the battering that international institutions, national governments and world markets have taken in 1998.

Also faltering is the interin urgent and desperate need of or a global depression. re-examination and reform.

Iraq, Kosovo and Congo underline the debilitating weak-ness of the United Nations as clearly as the financial and political devastation of Russia, Indonesia. South Korea and others have unveiled the incapacity of the International Monetary Fund to deal with modern financial volatility.

Those two central institutions, and others, were created fixed exchange rate system for from the ashes of World War II. market economies, the IMF was to deal with a world that no longer exists. Global reform

By Jim Hoagland

must now encompass not only the end of the Cold War but also time's gradual, nearly final erasing of the international order designed in the 1940s at Bretton Woods, San Francisco and elsewhere.

That system effectively reflected and served American valnes and needs for the past half-Also faltering is the inter-national system itself, which is on it to ward off a new world war

A consensus on internation-The intractable challenges of alism was given clarity by the aq, Kosovo and Congo unthreats and demands of the Cold War. That consensus is rapidly fragmenting as the instruments of internationalism prove ineffective in meeting today's more diffuse challenges. The debacles in Russia and

Indonesia have irrevocably

made this point about the IMF. Created at the 1944 Bretton

when overheated and poorly managed economies began to tumble a year ago. But it has floundered in a global economy based on floating exchange rates and dominated by private cap-ital flows and banking decisions that neither the Fund nor anyone else effectively supervises.

The widening collapse of international consensus also surfaced last weekend in San Francisco when Finance Minister Kiichi Miyazawa bluntly rejected urgent appeals from Treas-ury Secretary Robert Rubin and Federal Reserve Chairman Alan Greenspan to stimulate the Japanese economy so as to fore-stall a global recession or per-

haps even a meltdown. Japan has long pursued its own economic policies despite U.S. advice or pressure. That was not new. What emerged Woods conference to manage a more clearly from the Miyazawa-Rubin impasse was evidence that Japan and the United States no longer share a comwhat the international financial system is today.

In rare moments of candor, U.S. officials concede that they no longer have the ability to understand, much less influence, Japan's financial and fiscal policies. Tokyo responds with similar incomprehension, accusing Mr. Rubin of scapegoating Japan when the problem lies with the Federal Reserve's timid refusal to lower U.S. interest rates to calm markets.

Against this background, the core problem for global markets is neither Japanese nor U.S. policies as such, but the barrenness and increasingly conflictive nature of the relationship. The world's two largest economies have been the primary sources of the capital, innovation and technology that have powered globalization. Now their financial leaderships disdain each other, and investors, banks and markets have every reason to be nervous.

The crumbling of consensus on goals and methods also surternational lender of last resort mon approach to or analysis of faces politically in the UN Se-

curity Council's refusal to enforce its own ban on Iraq's acquiring of weapons of mass-destruction, and in NATO's unfulfilled promises to halt the bloody repression in Kosovo.

It may seem the worst of times to call for major new international initiatives. Who care take seriously a scandal-dam, aged Bill Clinton, an electorally, endangered Helmut Kohl, a po-litically bankrupt Boris Yeltsin or Japan's super-cautious Prime. Minister Keizo Obuchi? Their. individual and collective weakdecline in international confidence and consensus, and in the

upheaval in markets. This growing vacuum of power and leadership needs to be checked. And a serious neweffort imbued by a spirit similar, to that of Bretton Woods or the. San Francisco UN conference must be made, and soon. It is in -the-interests of all nations toredefine and shore up the international institutions that are rapidly becoming obsolete.

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# Global Capitalism, Once Triumphant, Is in Full Retreat

WASHINGTON — Shaky world stock markets contain a large, though muffled. message: Global capitalism, whose triumph once seemed in-

evitable, is now in full retreat, perhaps for many years.

If you doubt that, look at Hong Kong, a citadel of free market thinking. Even Hong Kong's overlords have so weared of global financial turmoil that they have resorted to government in-

tervention in the market. Who would have guessed this? After the Cold War, global capitalism offered a powerful vision of world prosperity and, ultimately, democracy. Multinational companies and investors would pour technology and capital into poorer regions, creating a transnational mass market of middle-class consumers who would drive Toyotas, watch CNN, eat Big

mand more freedom. World trade and investment did indeed surge, but not with the expected consequences. Global capitalism is destabilizing the economies of poor countries and inflicting large losses on investors in rich countries.

Macs - and, incidentally, de-

The idea was to open up markets to trade and foreign investment, but now markets are being shut. Malaysia has imposed exchange controls. Russia deand stopped converting rubles have risen to about 15 percent,

serious people, if any can be found.

posturing. But it is over now.

to do its duty with the seriousness required.

For Americans, the Summer Fun Is Over

mail joke, thinking about the dangers to which they lead.

My warning is that, this fall, it won't be pretty.

PALL is here. It is back to work. The fun is over, and America will

past three months squarely and, rather than dispatching another e-

have to put away its toys. That means looking at the events of the

After six years of pleasure and inconsequence - practically the

entire Clinton presidency has been a summer vacation — we

Americans confront serious times that require serious choices by

Bill Clinton is unlikely to go gently. His successor, Al Gore, faces an investigation of his own. And Congress lacks the stomach

The world is menacing. In summery fashion, Mr. Chinton can fire missiles at Sudan and Afghanistan, but in the fall Americans

will find that war with terrorists is serious, as Israel and Britain

know. Meanwhile, Iraq continues to defy us and evidently is

developing new weapons of mass destruction. The Chinese, quiet

this summer after a rewarding visit from the president, will be

heard from in the fall, as will the Russians, who are descending into

anarchy or autocracy with only their own missiles for comfort.

The fun may be ending for the U.S. economy too. One-third of the

world is in recession, and something called deflation is moving west

with the night. We haven't seen deflation since the 1930s, and

economists don't really know how to stop it, as Japan has learned.

If all this sounds alarming, it means to be. The summer of 1998 was a time for giddiness, lewd jokes and the heady rush of moral

- James K. Glassman, commenting in The Washington Post.

By Robert J. Samuelson into hard currencies. What went Mexico's to 36 percent. The wrong? On one level the answer trouble is that punitive interest is simple: Countries became rates crush local economies.

overdependent on foreign capital, which, having entered in huge amounts, is trying to leave the same way.
In 1996, South Korea received \$42 billion of inflows; a vear later, outflows totaled \$21 billion. What initially triggered

that much foreign money had

been squandered through "crony capitalism" or misguided indústrial policies. Asia was dotted with empty office buildings and surplus factories. Overseas banks refused to renew their loans. Mutual fund investors sold shares

and converted their funds back into dollars. Now the fear of capital flight is feeding on itself, and spreading to Latin America. If people fear that the Mexican peso will be devalued, they may convert pesos into dollars. The frightened include locals, not just foreign investors. But countries need hard currencies to pay for

imports, and they can't afford a

depositor run on their banks. High interest rates are one way to balt the process by rewarding people for keeping funds in local currencies. Hong faulted on some foreign debt Kong's short-term interest rates

If a few economies face this squeeze, it's their problem; if many economies do, it's everyone's problem. This is happening. The threat of capital flight has shoved so many countries toward austerity that it is inducing a worldwide slump. Again, the reversal was the recognition

the process feeds on itself. Feeble economic growth has depressed prices of raw material exports. From June 1997 to August 1998, oil prices dropped about 30 percent (affecting Russia, Mexico and Venezuela, among others); coffee prices fell 43 percent (Brazil and Colombia); gold prices sank 17

percent (Russia, South Africa). Earning less abroad, these countries must slow their economies to cut imports. This depresses U.S. exports and the profits of multinational companies. Thus does the Third World's distress threaten the

First World's prosperity.
But global capitalism's failure demands a deeper explanation. After all, capitalism is supposed to excel at allocating investment funds efficiently. In this case, it didn't.

The deeper explanation is that market capitalism is not just an economic system. It is also a set of cultural values that emphasizes the virtue of competition, the legitimacy of profit and the value of freedom. These values are not universally shared.

As a result, spreading capi-talism is not simply an exercise in economic engineering. It is an assault on other nations' culture and politics that almost guarantees a collision. Even when countries adopt some trappings of capitalism, they may not embrace the basic values that make the system work. This is what happened.

Led by the United States global agencies (the World Trade Organization, the IMF) sought to persuade poorer countries to become more open to trade and global capital. These countries tried to maximize the benefits of the process while minimizing changes to their politics and commerce.

Mutual deception flourished. Countries like South Korea and Russia pretended that they were changing more than they did. ROME - The triumph of Si-American, European and Japanese bankers, executives and

government officials pretended developing countries to scrammight become true.

Loans were made on the basis of incomplete or faulty financial statements. Or they were made on the faith that, if a ioan went sour, someone (the government, the IMF) would cover the losses.

Global capitalism became a dangerous hybrid. On the one hand, investors committed huge sums and expected high returns. On the other, the money often went (through bank loans, bond issues and stock offerings) to borrowers who were not operating by strict rules of effi-

ciency or profit and loss.

"Crony" capitalism often meant corruption — contracts won with bribes, favoritism for the well-connected. In 1997 a group called Transparency International ranked corruption in 52 countries as judged by global executives and country specialists. Russia ranked fourth, Indonesia seventh, Thailand 14th

Capital flowed freely while optimism and self-deception prevailed. Banks collected in-terest on loans. "Emerging market' mutual funds rose. While everyone enjoyed profits, there was a suspension of disbelief. Now comes the reckoning. Capital flight has forced most

that the claims were true, or ble to conserve scarce foreign, exchange. All their choices are; bad. Malaysia's exchange con-trols, by stiffing foreign creditors, risk loss of future foreign; investment. Still, some U.S., economists see currency con-, trols as a temporary way to avoid high-interest-rate austerity.

A gentler way to achieve the same result would be debt relief. Global bankers would write: down loans, easing the repayment burden. But so far, banka have shown little interest.

A third approach is to attract new long-term capital to replace. old short-term capital. Some of this is occurring as U.S. and European firms are allowed to buy South Korean or Thai companies that were once offlimits. But developing countries are reluctant to sell too much of their economic bases to foreigners at fire sale prices.

Even if the worst does not, occur, the world will never be the same. Global capitalism will not soon regain its aura of infallibility. Free trade and the free movement of capital would, in a world in which everyone worshiped efficiency and profits, enrich all nations. The trouble is that we do not live in such a world.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO.

1898: Army Scandal WASHINGTON - The Sec-

retary of War has made a formal request to the President that there be an investigation into the conduct of his department. It comes at a strong demand of the press and of the country. General Alger's friends feel certain that the final result of such an investigation will be a complete exoneration of the Secretary himself from responsibility for the shortcomings developed in the different departments of the army. They claim that the only dereliction has been on the part of the regimental officers in the volunteer army, to whose incompetence they attributed the lack of food and the develop-

1923: Il Duce's Prestige

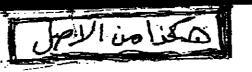
gnor Mussolini in obtaining the

ment of disease in the camps.

of Ambassadors for his demands upon Greece has brought him up on a new pinnacle of popularity among world statesmen. It will strengthen his hand in dealingwith Serbia over the Fiume crisis. The solution is held to be a triumph of the old diplomacy, over the new League methods, as had the Ambassadors not forestalled the League the crisis! would still be unsolved.

1948: Berlin Riots

BERLIN - Soviet soldiers and, Soviet-controlled police opened fire on angry mobs which. turned on them with stones and jeers while en route back from a rally of a quarter-million Germans against Communist terror in Berlin. The riots, which took. place at the Soviet-British sec-, tor border, resulted in at least four injured and the death of a fifteen-year-old boy. The riots. flared out of the strongest antiendorsement of the Conference Soviet feeling in three years.



# عكذامن الاصل

The Mood Is Ominous

As Clinton Struggles

By Maureen Dowd

SILVER SPRING, Maryland ical skin—went to the floor of the Senate on Tuesday and called the president's infidelity "immoral."

It is very sad and very strange to watch Mr. Clinton give speeches.

His words twang with unintended ironies and double entendres. You

wonder how he can get through a

day without shattering from the

pressure of watching his presi-

No one, except the hard-core Climton foes, is getting any pleas-

ure out of seeing a president who

started with so many dreams live

At Pine Crest, Mr. Clinton

seemed like a character from a

Russian novel, snared by his own

conscience. He was talking about

the country, but it sounded as if he

"Sometimes when things are going really, really well for people, they get a little self-in-dulgent, easily distracted and ba-

sically just want to kick back and relax," he said. "It's a natural tendency for in-

dividuals. You go through a tough

time, and you work and you work

and work, and things get really good - you say, 'Thank good-

ness, things are not so bad as they used to be, I'm going to relax."
"I believe that would be a se-

rious error — a serious error —

because I think, again, at times

when you have many blessings

your responsibilities are greater.

On stage with the president was Richard Riley, the secretary of

education, who has privately said

he feels betrayed by his old

on a risible interpretation.

friend's behavior.

were talking about himself.

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A stational design.

The particular terms of the stationary design and the stationary design at Constitute of the control of the con The Council was a state of the land

This is what has been a whole life to be president, the man who has such a worselose need to be lost the man who cares so much about how history judges him, saw as his motorcade left the Pine Crest Elementary School here, after he had gotten a warm reception from the handpicked crowd for fails the re-field a critical constitution of market a critical of the distri-lation than a state there are All harmonic and mentally where the factors is the property the second of the same of the

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eliminated in qualifying play promising a that required them to finish in the shortness.

By Alan Truscott

did survive. On the diagramed deal from the Rosenblum event,

TWO of the world's Bob Hamman demonstrated 1 greatest teams were elim the defensive skill that helped

that required them to finish in the top four in a round-robin group of 15 teams.

Also eliminated was a star American team consisting of Merican team consisting of Soliverman, all former world champions, Zia Mahmood and Jeff Wolfson. Eleven North American teams

The moment of truth ar- gained 13 imps. rived when South led a spade inated from the world championships at an early stage. One was the great French team headed by Paul Chemia, which hoped to add the Viverdi Pasarbhara Cup title which hoped to add the Vivendi Rosenblum Cup title to the victories they achieved in 1996 and 1997. They were eliminated in qualifying play eliminated in qualifying play shortness.

Soloway, had overcalled two was led he ducked again and west was led he ducked again and South predictably did the wrong thing. He played the nine and could no longer make nine tricks after losing shortness.

' . . . The queen and returned tract succeeded in the replay a diamond which South after less inspired defense, and Hamman and his team

> ♦ K53 ∇ K9854 **◆ A8742** ♦Q4 ♣31975

#### **OPINION/LETTERS**

## There's No Need to See a Doctor Before a Trip to Viagra Falls

By Joseph Fitchett

WASHINGTON—The other wonder in, you know, as a kind of emergency." associated with Viagra is the ease "You'll have to speak to the doctor. and prodigality with which this favorite new recreational drug is dispensed in the United States.

It took only two hours for a visiting journalist to get the potent blue pills re-cently in Washington without pulling

#### MEANWHILE

strings, begging friends or turning to the black market.

The episode seemed to encapsulate a U.S. trend for new prescription drugs to overwhelm the old safeguards as they

flood into commerce, especially medica-tions that go beyond affording specific cures and promise feel-good benefits. In this case, the journalist's American colleagues were at a loss when asked about shortcuts for getting Viagra in time for his flight later that day to France, where the drug is not yet available. U.S. pharmacists refuse to sell drugs without a prescription, and a doctor's appointment can be hard to get for anyone without a

local physician. There was no alternative but the unpromising approach of ringing up friends

for their doctors' names and numbers. The first number elicited a discouraging nasal burst: "Doctor's office. What

is the nature of your call?" "Er, I'm not a regular patient, actually, more a visitor with a private, I mean urgent, problem. The doctor, somehow, could he. I wonder, maybe, possibly fit me

What's your daytime number?' Hopeless, the reporter thought, hanging

un. But then the phone rang. A bedside voice announced: "Dr. Livermore" (not his real name). No time for beating around the bush,

thought the reporter, blurting out the key words: "travel" and "Viagra." Instead of a brush-off, a question came from the

"Are you over 60?" "No." Was he being carded for Viagra? the reporter wondered. "Are you being treated for a heart condition?"

"You don't need to see me," the doctor was saying. "We have a form at the receptionist's desk, just come in and fill it

Business as usual apparently, as Dr. Livermore moved on smoothly: "How many do you want?"

That was a matter that the reporter had somehow expected the doctor to decide. Who knew how many pills people got? Enough for a night? For a courtship?

"They're \$10 a pop," the doctor said. "Uh, I guess 10." If he was disappointed by the modest order, Dr. Livermore did not show it, "Well, your prescription will be renew-

able," he concluded cheerfully. At the doctor's office, a nurse held out a



"Here's your prescription," she said. Trying not to look incredulous, the reporter hastily stowed away the envelope

without opening it and asked, "How much do I owe?"

"Nothing, you didn't see the doctor."

Including local taxes, the vial of 10 Viagra pills cost \$93.13. It had taken scarcely two hours (and two taxi rides) to

When asked if they were the source of this still little-reported liberalism about Viagra, executives at Pfizer, the manufacturer, said that the company frowned on the idea of doctors prescribing the drug without examining patients. Several doctors also disapproved of Dr. Livermore's

But one physician said he agreed with Dr. Livermore's liberal approach to dispensing Viagra. Many men, he said, are intimidated by the thought of asking their regular doctor for Viagra so they resort to

the Internet or to some other anonymous nonmedical source.

"It's better for people to at least speak to a doctor and show their faces to my nurse, so I make it easy for anyone who calls me and says the V-word," the doctor

Perhaps globalization will make the marketplace less straitlaced about medication If so, on to Viagra Falls. Take heart, all of you in countries that have not yet authorized the remedy, including the French spa chef who got into hot water last month for having served sauce spiked with imported Viagra to consenting cus-

France, apparently fearful of being swamped by illegal imports, has announced that it, along with the rest of the European Union nations, will legalize Viagra sales next month. By prescription

only, of course. International Herald Tribune

#### LETTERS TO THE EDITOR

#### The audience was upbeat. But Milosevic the Destroyer

there was a wistful undertone. Here was a president whose noble Slobodan Milosevic is not the intentions for children and the leader of a country; he is a despoor are threatened because his troyer of the heart and soul and words have lost meaning, or taken fabric of countries, including his own. He presides over the shattered hulk of a society with a The president was urging "higher levels of accountability" cowardly, third-rate army. He is and more discipline for schools. pitiless, remorseless and will not

He said that in guiding children, stop unless stopped. actions speak louder than words. One wonders what the point But this president has too often was of all NATO's contingency planning and air exercises for sloughed off the connection be-Kosovo, all the loud talk about tween words and actions and re-'no more Bosnias," all the grave fused to take responsibility. warnings about bringing war Politicians have a lifetime of

words. But a president has only a crimmals to book. limited time for meaningful actions. And Mr. Clinton will always have to live with that knowledge. The New York Times. of hollow words uttered by career

diplomats through the years of murder, rape and pillage of fellow Europeans in Bosnia? Presumably these diplomats have not noticed that another war, in Kosovo, has been raging throughout the doing it again.
summer holidays.

What happened to all the handwringing about the failure of Europe? What about the millions

Kosovo is another Bosnia. Serbian forces are again wantonly looting and destroying villages that have no military value. Serbian police are again blocking aid convoys, journalists and official monitors. And the official Serbian media are again bleating the pathetic complaint that the world does not understand Serbia's situ-

ation. The world cannot claim surprise, innocence or ignorance anymore. We know exactly what Mr. Milosevic is and we have the (Comics, Aug. 20):

materia etm conclusion have a firm of the contract of

political and military institutions to end his reign of terror. He threw down the gauntlet once and the response of the world was: "Don't do that again." Well, he is

MICHAEL LUHAN.

The writer served with the United Nations in the for-mer Yugoslavia from 1993 to 1995 and now works with the Prague-based People in Need Foundation.

#### **Burma Shave Memories**

Regarding "Airlines Jazz Up In-Flight Entertainment (Aug. 20) and the "Non Sequitur" cartoon

us from coast to coast each summer. I am glad that I did not have a programs, let alone computer games, shopping and even passed, gambling to occupy me during Than

those trips. All these contrivances of inflight entertainment will never be able to match the excitement of looking for, and finding, the Burma Shave advertisements that appeared sequentially as we rode across the country for a week at 40 miles (65 kilometers)

The original authors of the Burma Shave signs may be dead, as the Non Sequitur cartoon points

and the second contract of the contract of the second contract of th

When I was a child, 50 years out, but the joy they brought me ago, I learned to while away long whenever I spotted one of their hours in a car as my mother drove creations remains with me, along with the memory of the red-winged blackbirds that would selection of movies and television burst up from the occasional patches of marshland as we

> Thank you for juxtaposing these two items.

ALLISON JABLONKO. Tuoro sul Trasimeno, Italy.

Letters intended for publica-tion should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## omitates secured of BOOKS in the posterior didulation and motion statement.

speech on education.

. As the president smiled and waved behind the tinted wind-

shield, he saw a man holding a sign,

above his 19-month-old daughter

in a stroller, that read: 'President,

He saw a man, with an unlighted

cigar in his mouth, holding a sign that read: "Get Lost." He saw a

small group of protesters booing and holding a 10-foot banner that read: "Time to Impeach."

approached a group of children, after one child had dropped a pen-cil on the gravel, and asked if they

were picking up rocks to throw at the motorcade.

A group of four Catholic schoolgirls from nearby St. Bernadette's, thrilled to see the pres-

ident, stationed themselves at the

best vantage point — under the

"Time to Impeach" sign.
One of them, Victoria Chapa,

10, asked giddily: "Is Monica Lewinsky going to come by?"

ington suburb was screne com-

pared with what the president faced back in the federal city.

Clinton's escapes and semantic

dodges and political stratagems

were failing him. He was trapped, checkmated, spiraling. Even his political rivals seemed

shaken to see Mr. Clinton lose his

famous resilience. The mood was ominous. Janet Reno was opening

an investigation into her boss's

campaign finance methods. The

capital was bracing for Kenneth

Following the upbraidings by Joseph Lieberman, Daniel Patrick

Moynihan and Bob Kerrey, one of

the president's most fanatic sup-

porters, Barbara Boxer -- con-

cerned with saving her own polit-

Starr's X-rated report.

But the mood in this Wash-

For the first time, all of Bill

Stay Away From Our Daughters."

By Howard Norman, 310 pages, \$24.

Farrar Straus Giroux.

Reviewed by John Banville THERE are certain novels, few in I number, that insinuate themselves into the memory, not by the strength of portrayal of their characters or any vividness of style, but by a quiet insistence. Reading them is a faintly assuming sensation, like being trapped in a train compartment with someone whose gleaming gaze and fixed half-smile tell you even before the person begins to speak that this is going to be a

long journey.

Howard Norman, who teaches at the University of Maryland, has written two novels, both of them nominated for National Book Awards, and a very fine collection of short stories.
"The Museum Guard," his latest

novel, is likely to receive as much critical acclaim as its predecessor, "The Bird Artist"; it is an impressive and admirable achievement, which will buttonhole the reader from the first sentehce: "The painting I stole for Imogen
Linny, 'Iewess on a Street in Amsterdam, 'arrived at the Glace Museum, here
in Halifax, on September 5, 1938."

That sentence is emblematic of the

book as a whole. The flatness of delivery and the freight of narrative information that it carries make the import of what it

is saying all the more startling.
The speaker is DeFoe Russet. He is in his late 20s, and works as a guard in the Glace, a small, private institution. He shares the quantianship of the guarantee. shares the guardianship of the museum with his Uncle Edward, a vigorous eccentric, given to drinking and gambling and as much womanizing as the times will allow; Uncle Edward is — and, I think, meant to be - the novel's most vital character. DeFoe was orphaned at 9 when his parents were killed in a zeppelin crash, and since that time Uncle Edward

and his sporadic women friends have Amsterdam, which portrays the artist

been the only family DeFoe has known. wife dressed in peasant costume. The dozen or so pages at the opening of the book that describe the day of the accident are masterful. His parents, off to the fair for the zeppelin ride, have left young DeFoe at the Lord Nelson Hotel in the care of his uncle and his girlfriend, Altoon Markham (Norman has an odd way with names). When Uncle Edward goes off to receive the bad news of his brother's and his sister-in-law's deaths, the how and Altoon must while sway the the boy and Altoon must while away the hours of waiting, which is when DeFoe learns to iron shirts. This sequence, however downbeat, is so moving that afterward it is hard for the book to re-

cover its pace; in the hands of a lesser novelist, it would have been impossible. DeFoe is, as might be expected, emotionally frozen; at moments of high drama and distress he will retreat to the basement of the Lord Nelson, where he lodges with his uncle, and take over the ironing from the understanding hotel laundress. It is a tribute to Norman's control of his material that none of this seems comic, or at least not to an extent that would make DeFoe seem ridiculons. The reader will feel compassion for

this maimed young man but not pity; for DeFoe has his own brand of nobility.

The 'noble' is one of the preoccupations at the heart of the book. DeFoe meets the young woman Imogen Linny, whose mother was Jewish, and who works as caretaker of the Jewish cemetery in Halifax. They begin a fitful and, for DeFoe, frustrating relationship, marked on his part by puzzled yearning, and on Imogen's by headaches and mysterious depressions. From early on it is obvious that Imogen is neurotic to the point of madness, yet as with the other odd creatures who inhabit the narrative, she is more than the sum of her idiosyncrasies. When an exhibition of contemporary Dutch paintings opens at the Glace, however, she becomes obsessed with one of them, "Jewess on a Street in

BRIDGE

Encouraged by the views of Helen Delbo, a middle-aged Jew and smalltown intellectual who conducts tours of the museum, and desirous of finding a truly ennobling experience, Imogen comes to identify with the woman in the painting, has clothes made up to match those worn by the model, and in the end determines to go to the Netherlands and "become" the artist's wife.

Meanwhile the news from Europe is bad and getting worse. It is brought directly to Halifax in the radio broadcasts of the anti-fascist Ovid Lamartine, to which Uncle Edward listens obsessively. Uncle Edward too becomes fascinated by Imogen and, to DeFoe's dismay, begins to telephone her late at might, and then to visit her, not for sex, it seems, but to talk, and so that they can listen together to Ovid Lamartine's warnings of the coming catastrophe. Nephew and uncle become estranged, yet they continue to encounter each other. Not only in his seeming usurpation of DeFoe's role as lover, but in all manner of ways, Uncle Edward is trying to teach DeFoe an essential lesson. "You don't

take in details," he tells the young man. "You don't take in the details of life." A measure of this novel's richness and sly power is the difficulty one has in

attempting to say just what it is about.

Art, as Henry James would have it,
makes life, by which he means that art gives to life the form and intensity it lacks in our commonplace experience of it. Here, one of the characters remarks of Imogen: "Watching her, I thought that one's personal history — Imogen's, that is — is so much more immediate than History writ large." In his quiet, unemphatic way, Norman has written a

John Banville, literary editor of the Irish Times, wrote this for The Wash-

large book in a small compass.

## **Business Opportunities** In Africa



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#### INTERNATIONAL

# Khatami Says Iran Is Ready to Act to Resolve Crisis With Taleban

By Donglas Jehl
New York Times Service

TEHRAN — Despite American calls for restraint, Iran's president said Wednesday that his country would act "in whichever way we see fit" to resolve a have prompted expressions of deep conpotentially explosive dispute with the cem in Washington. militant Islamic movement that controls

most of neighboring Afghanistan.
The warning by President Mo-hammed Khatami amplified the blunt message already sent by Iran through a major troop buildup near the Afghan border. Though Mr. Khatami pledged Wednesday that Iran would turn first to all-out war as unlikely. diplomacy to resolve the crisis, he also suggested that the United States had little business warning others against the use of military force.

"They get worried when we act on our own borders to protect our security," Mr. Khatami said of American officials. But they allow themselves to launch long-distance missile strikes on other countries and kill innocent people.

Mr. Kharami was clearly referring to American attacks last month on alleged held responsible for the disappearance of dozens of Iranians, including 11 dip-

last month. The Iranian buildup - numbering about 70,000 troops, along with large stocks of military equipment — and nearly a week of warnings from Tehran

On Wednesday, the State Department spokesman, James Rubin, urged Afghanistan's neighbors "to refrain from taking actions that could further enlarge or inflame the conflict." Iran-based dip-lomats and other independent experts here said that they continue to regard an

But they said it seemed possible that Iran would launch at least a limited punitive strike unless the Taleban responds soon to Iranian demands for answers about the fate of its citizens, who had been based in the northern, rebelheld town of Mazar-i-Sharif until it was overrun by Taleban forces on Ang. 8.

The United States has not been alone in urging that the conflict be resolved peace-fully. Both Pakistan and Saudi Arabia have warned that the use of force by terrorist targets in Afghanistan and Sudan, and his comments seemed intended to build a further case for possible Iranan said Wednesday that Secretary-Genman s nian military strikes against the Taleban eral Kofi Annan had been talking to the movement, a bitter rival whom Iran has parties "about ways to sort this out."

Working with the help of Pakistani intermediaries, Iranian diplomats have

rate cut in Tokyo on Wednesday.

the same period a year earlier, a fall that

interest rates rise, increasing the real

less than 1 percent on an annual basis,

Japan's banks and corporations will

settle their half-year accounts at the end

that perhaps may be too optimistic.

Moreover, deflation means that real

is the largest in years.

costs to borrowers.

lomats, during fighting in Afghanistan met during the last week with some last month.

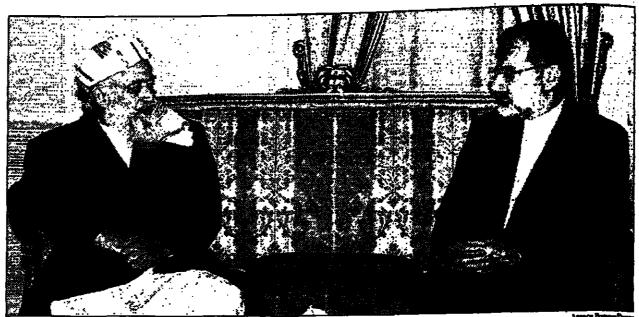
Taleban officials, and have succeeded in winning the release of five Iranian truck drivers freed by the Taleban as a goodwill gesture. But Iran says that the Taleban has yet to account for at least 45 franians who have been missing since the fall of Mazar-i-Sharif, which had been the headquarters of an Iranianbacked militia alliance fighting to keep the purist Islamic movement from consolidating its hold on Afghanistan.

Some reports have said the Iranian diplomats might have been killed when the Taleban seized the Iranian consulate in the city. One top Taleban leader has been quoted as saying that the diplomats were "probably dead."

Iran's supreme leader, Ayatollah Sayed Ali Khamenei, who is command-er-in-chief of Iran's half-million strong armed forces, said late last week that there would be no confrontation between Iran and the Taleban, despite the buildup of elite Revolutionary Guards and other forces who have remained in place after staging high-profile war games near the Afghanistan border.

ficials have seemed to suggest that their patience may soon wear thin.

On Wednesday, the foreign minister, Kamal Kharazzi, called on the Taleban to "respond positively" to Iran's demands "before it is too late." And Mr. Khatami,



Former President Burhanuddin Rabbani of Afghauistan, left, meeting the Iran foreign minister, Kamal Kharazi,

In recent days, however, Iranian of- a relatively moderate Shiite Muslim cleric responsible for "a human tragedy" and referring to findings issued last week by who has tried to build bridges with many of his country's longtime foes, sounded positively bitter as he complained that others around the world seemed indifferent to the missing Iranians' fate. He even said he held the Taleban

"genocide" in Afghanistan, where the movement captured the capital, Kabul, ternational that thousands of Shiites had two years ago and now controls about 90 percent of the territory.

been killed during the taking of Mazar-I-Sharif by the Taleban, who follow a Autrough Mr. Khatami did not elab-orate on his remarks, he seemed to be

#### JAPAN: Tokyo Lowers Key Rate in Attempt to End Recession

Continued from Page 1

come virtually zero, and it becomes highly difficult for the Bank of Japan to shape monetary policy by further lowering interest rates

They may have used their last bullet," said Robert Alan Feldman, chief economist at Morgan Stanley Dean Witter in Tokyo. "They've already cut rates this far and it's probably helped but it hasn't offset headwinds from else-

Increasing the money supply by pour-ing more funds into the economy is another way of easing monetary policy, but it is one that the Bank of Japan has shied from because it is not as precise as manipulating interest rates. On Wednesday, however, the Bank of Japan also said it would supply a large amount of liquidity into the money market, if necessary, regardless of the level of the overnight interest rate. Doing so, in essence, could make money virtually free.

"It's a welcome development, but it's probably too little, too late," said Peter Morgan, an economist at HSBC Securities Ltd. in Tokyo. "They think that things are bad enough that they can break the glass and bring about a rate cut."

The central bank's move came a day after the government's top economic official, Taichi Sakaiya, said Japan's economy was in an "extremely severe" situation and on the brink of deflation. Mr. Sakaiya added that the global economy was "at the threshold of an extremely difficult phase."

acknowledged that the level of economic activity had fallen "considerably," adding that it did not deny the possibility of a "further deterioration" of the economy. The sinking of the economy is particularly worrisome, as the government has been trying to increase growth through fiscal spending. It is carrying out large tax cuts and is already beginning to pour about 16.6 trillion yen (\$125.57 billion) into the economy as part of a giant fiscal stimulus package.

Japan's economy is suffering from deflation, where falling prices and profits lead to a contraction of demand for goods and services. Earlier Wed-

"Maybe they know something about the financial system," said Mr. Feldman at Morgan Stanley Dean Witter.
Indeed, in stock market trading Wed-

nesday, investors drove down the share price of Fuji Bank Ltd., as rumors circulated that the bank had sustained huge losses of about 2 trillion yen from de-rivatives, financial instruments which day that he was disturbed by the Senate create value from underlying securities and bonds. Terunobu Maeda, a managing director at Fuji Bank, denied the rumor at a press conference Wednesday,

The last time the Bank of Japan cut interest rates was in September 1995, when it lowered the official discount rate, the overnight rate that the central bank charges to private banks, to half a per-

Bankers say it is unlikely to touch that Masaru Hayami announcing the rate for now.

Japan's financial system has been teetering amid a parliamentary debate over how to deal with the nation's very large and very sick banks. In particular, at issue is the fate of Long-Term Credit Bank Ltd., one of the country's largest institutions with 25 trillion yen in as-

The government wants to use taxpayer's money to save the bank, while the opposition parties want strict conditions for doing so. The debate had stymied the passage of six financial re-

Wednesday, however, the governing economic data for the second quarter, Liberal Democratic Party and the opand some economists said these moves position groups seemed close to a compromise that would allow for a quick could be a foreshadowing of more bad economic news. Japan's economy passage of the financial legislation, pershrank in the first quarter at an annu-alized rate of 5.3 percent, and while some economists had expected the econhaps before Prime Minister Keizo Obuchi visits the United States to meet Presomy in the second quarter to contract by

#### ■ Daiwa Posts Huge Russian Loss

biggest broker, said it recorded losses of about 14 billion yen on Latin American,

markets flush with money to prevent a sudden liquidity squeeze. It was such a and defaulted on \$40 billion of tublenesday, the Finance Ministry released squeeze last autumn that helped lead to figures showing that capital spending in the failure of four financial institutions the second quarter fell 10.6 percent from and a market meladown.

and defaulted on \$40 billion of ruble-ican, surfaced two years ago when Denmark argued that U.S. unwillingness to pay its arrears should be challenged when debt.

> companies to announce losses on emerging market debt. Nomura Securities Co., Japan's biggest broker, said last week it has lost \$350 million on Russian bonds, while Morgan Stanley, one of the biggest U.S. brokerages, said trading losses from Russia would reduce third-

# **UN Arms Inspector Rebuts Ex-Aide**

By Barbara Crossette New York Times Service

UNITED NATIONS, New York — Richard Butler, chief United Nations testimony of a former American inspec- Madeleine Albright.

By John M. Goshko.

Washington Post Service

James Gustave Speth, the highest-rank-

with plans to quit next year as head of the

UN Development Program, the Clinton

administration will lobby to retain the

countries and others who blame the

United States for contributing to the financial crisis at the UN by failing to

In addition, the 15 EU nations col-

lectively are the largest contributor to the

Development Program, which disburses

about \$1 billion a year to combat poverty

and is the most important component of

the UN from the point of view of Third

World countries - which form the ma-

The struggle for control over the key

position, historically given to an Amer-

Mr. Speth's four-year term ended in June 1997. Formerly the largest single con-tributor to the Development Program, the United States had slashed its contribution

pay more than \$1 billion in back dues.

But it will be bucking European Union

key position for an American.

UNITED NATIONS, New York — If

Europe May Try to Grab

A Key UN Post From U.S.

Mr. Butler said that Mr. Ritter had also inflated his role and made mis-

tor who resigned last month.

The inspector, Scott Ritter, said that the administration and the United Nations had been too conciliatory toward Iraq and had undermined the inspection system. In the chief inspector's first critical company to the chief inspector's first critical company. the chief inspector's first critical com- cision of Aug. 5 to end intrusive searches ments on Mr. Ritter's statements since he for arms, weapons parts and documents.

the United States increased its contri-

environmental official in the adminis-

Gore, recently made known his plans to

His impending departure has re-kindled West European interest in trying

- reportedly have indicated that they

secretary general, who appoints depart-

ment chiefs and the heads of certain aid

agencies funded by voluntary contri-

Currently, three of the four devel-

butions from wealthier member states.

opment agencies are led by Americans: Mr. Speth, Carol Bellamy at the UN

Children's Fund, and Catherine Bertini

at the Rome-based World Food Pro-

Secretary-General Kofi Annan reorgan-

ized the UN system last year, he initially sought to give it first-among-equals

status with a measure of control over the

other agencies. That plan was defeated

as the senior person in the aid structure. The Clinton administration would thus

Of the three, Mr. Speth's position is regarded as the most important. When

leave next spring.

have potential candidates.

UN sources said Mr. Speth, a senior

butions back to about \$100 million.

resigned on Aug. 26, Mr. Butler said in an Achieving the unanimity of the couninterview that Mr. Ritter's testimony was cil for the resolution "is not going to be

often inaccurate in chronology and detail an extremely difficult process," said the council president for September, Hans Dahlgren of Sweden. This is expected to be a critical month for American and leading statements about Mr. Butler's other diplomats as they try to rebuild a dealings with Security Council officials, shattered consensus for stronger action and particularly with Secretary of State against Iraq if all else fails. Some dipagainst Iraq if all else fails. Some dip-lomats have begun to talk of possible military action, but the council is a long way from that moment.

In that context, the U.S. policy has

been to avoid frequent confrontations with Iraq, which has for the last year gained something from each periodic blowup, and choose instead a solid front of resistance when diplomatic efforts have run their course.

Against that background, Mr. Butler said that Mr. Ritter's portrayal of the UN Special Commission and Special Commission Special Commission was rife with mis-

In interviews and at a Senate hearing last week, Mr. Ritter said the administration, the Security Council and Secretary-General Kofi Annan had undermined the efforts of the commission to find and destroy Iraq's claudestine biological, chemical, nuclear and certain prohibited missile systems.

#### ■ Albright Hits Back at Critics 💛

Madeleine Albright on Wednesday tration of former President Jimmy Carter fired back at critics who have said U.S. ing American at the UN, goes through and a close ally of Vice President Al policy on Iraq has weakened, insisting that America stands ready to use force against Baghdad if necessary, Reuters

reported from Washington.
"We have not taken any option off the to take over the development post, and table, including military force," Mrs. two countries — Denmark and Norway Albright said in a speech to American war veterans in New Orleans. "The bottom line is that if Iraq tries to break out of its strategic box, our response will be strong and swift." The decision would be made by the

The Clinton administration, and Mrs. Albright in particular, has been faulted relentlessly in recent weeks by Mr.

The case made by Mr. Ritter has been used by senators and editorial writers to fault administration policy on Iraq and elsewhere and to question Mrs. Al-bright's credibility. Her speech, to the annual American Legion Convention, was her most sustained rebuttal so far.

She said that in recent weeks some in Washington had suggested that the United States had not done enough to support the UN inspectors. It had even been suggested that they had tried to

prevent them from doing their job.

Mrs. Albright added, "The critics are sincere. We are, after all, on the same." side. But they are sincerely wrong when they blame America for the world's failfour-year term, although UN sources said he privately indicated that he would stay for only two years. In the meantime, weapons of mass destruction program.

### markets flush with money to prevent a

KOHL: In Germany, a Glimmer of a Race

weeks of the campaign. Instead, it is back

canvassing voters weekly for Der Spiegel the undecided total last week at 53 percent, with 60 percent of this group leaning to the Christian Democrats. Klaus-Peter with Stern magazine that a last-minute turnabout was possible.

"Every bit of research shows that fewer voters have close party links," he said. "As a result, there can be considerable movement in the final phase.

Mr. Schoeppner described these undecided voters as going through the last numbers of voters may well be waiting part of making up their minds only after until the last days of the campaign to find breakfast on election day. As a result, he said, "Kohl can still pull them over."

But other polling organizations were reported to be saying privately that the and capitalism, to be markedly chancellor was unable to overtake Mr. increasing the sense of indecision.

A poli from Allensbach Institute pubushed Wednesday in the Frankfurter next government. Although it is certain that a coalition will come to power, there than Democrats come to 256 tian Democrats going to 35.6 percent are multiple possibilities depending on some. from 35.5, while the Social Democrats which of the two main parties wins the declined to 40.8 percent from 41.1.

All this polling had a particularly un- between the two major parties.

certain undertone because the major survey organizations have hurt their reputations since last autumn with three clear to dealing with the election's basic instinctive question: After 16 years, have you had enough of Mr. Kohl?

Parallel to the result in Bavaria, the party still has to find a way to silence its public disputes about whether a re-elect-dershot Mr. Schroeder's impressive dershot Mr. Schroeder's impressive ed chancellor would serve a full four-year term or give way, perhaps in 2000 at age 70, to Wolfgang Schaeuble, the party's Bundestag leader.

By the Christian Democrats' reckon-ing, about a third of the electorate remains undecided. Emnid, a polling organization canvassing voters weekly for the Science.

with special interests, beyond ideology magazine, no friend of Mr. Kohl's, put and less dependent for their well-being on events outside the country. And both main parties maintain that polling in the formerly Communist-run Eastern Ger-Schoeppner of Emnid said in an interview many is particularly difficult because of a wariness among voters to respond

comfortably to canvassers.

What the big parties acknowledge less readily is that in a campaign frequently short on specific content, in which the candidates have avoided proposing major choices on German society, large A number of surveys have found disaffection, even doubts about democracy and capitalism, to be markedly high,

In the end, voters have only partial control over who will participate in the most votes, and which of the smaller On the basis of their current scores in parties reach the scores necessary to various polls, the Greens, the Free Demo- enter Parliament. The three most likely crats and the Party of Democratic So-outcomes are a coalition of Social Democialism, made up of former East German crats and Greens, the return of the gov-Communists, appear likely to win the eming alliance of Christian Democrats necessary minimum to be in Parliament. and Free Democrats, or a grand coalition

saying it was "totally groundless."
"We have lost about 15.5 billion yen

at most," he said.

Mr. Hayami, the central bank governor, said that the rate change was made in part to prevent Japan's economy from falling into a deflationary spiral," in which prices and profits begin collapsing at an increasingly rapid speed. Both Mr. Sakaiya's remarks and the form bills the government hopes will

amely difficult phase."

Bank of Japan's policy change come two stabilize the financial system.

On Wednesday, the Bank of Japan days before Japan is scheduled to release Wednesday, however, the ident Bill Clinton later this month.

Daiwa Securities Co., Japan's secondof this month, and one of the central Asian and other emerging market debt in bank's main concerns is to keep the August, Bloomberg News reported.

The struggle for cont

debt around the world, led by Venezuelan and Brazilian bonds.

Daiwa is one of a many securities quarter profit by \$110 million.

## from \$113 million in 1995 to \$52 million after a ferocious counterattack by Ms. in 1996, dropping from first to seventh Bellamy, but Mr. Speth is still regarded in 1996, dropping from first to seventh place among donor nations. In the end, Mr. Speth won a second

Continued from Page 1

ethical quandaries opened up with a decision to provide sex selection and whether the animal tests were adequate to show safety to humans.

Sex selection has been used for millennia, with folk remedies that supposedly guaranteed a baby of a particular sex, female infanticide and, more recently, the abortion of fetuses because of Decade after decade, so many groups

have claimed that they had a method for sex selection that the entire field became tainted, said Dr. Richard Rawlins, the director of the in vitro fertilization laboratories at Rush University in Chica-

Most recently, claims that male sperm could be separated because they swim faster were found to be without scientific

To sift sperm, researchers at the Genetics & IVF Institute stained their DNA each sperm's DNA content was measured and the X-containing sperm separated from those with a Y-chromosome.

ulate as they pass single file through the machine's DNA detector.

The scientists said it takes most of a

CHOICE: Method for Selecting Baby's Sex few wanted sex selection because they were at risk of having babies with genetic diseases that afflict boys almost exclusively, he said. Dr. Schulman said that, so far, the institute was not offering the method to couples who have no children and want a first child of a particular sex, but he did not rule out that

use in the future. Monique Collins of Gainesville. Virgina, was one of the first to have sperm sorting, in March 1995. She had two sons, who were aged 2 and 6, and ur-

gently wanted a daughter.
"Having a daughter for me was like having a baby for some people, that's how important it was," she said.
She and her husband, Scott Collins. had a girl on Aug. 13, 1996, after Mr. Collins' sperm was sorted at the in-

The Virginia researchers are using a technique whose development began 16 years ago, when Dr. Lawrence Johnson, a scientist at the U.S. Department of

Dr. Johnson labeled the DNA in perm cells with a temporary, nontoxic, fluorescent chemical. Once that chemday to sort the approximately 200 milical was in the sperm cells, they would tion wriggling sperm of a single ejac- glow blue under a laser light. The more light that was emitted when the laser shined on a sperm cell, the more DNA Dr. Joseph Schulman, director of the the cell contained. That gave Johnson a Genetics & IVF Institute, said most of way to detect small differences in DNA the couples wanted to choose their content. He modified a cell sorting ma-baby's sex for "family balancing." A chine so that it would detect it.

## BRIEFLY U.S. Plays Down

New Mideast Talks

JERUSALEM - U.S. officials dampened expectations of a swift breakthrough in Israeli-Palestinian peace talks as the envoy Dennis Ross arrived in the region Wednesday to try to bridge differences.

There are so many issues out there that don't seem to have been resolved," one official said, citing gaps on security matters as one of the stumbling blocks to a deal on a long-overdue Israeli troop pullback from more of the West Bank.

Mr. Ross's mission, his first since May, follows 18 months of deadlock in a peace process launched five years ago with the signing in Washington of the Oslo interim accords between Israel and the Palestine Liberation Or-

#### **Food Shortages** Loom in Kinshasa

'The problem of food supplies Carlos Saul Menem.

could deteriorate," Health Minister Jean-Baptiste Sondji said. Western diplomats planning airlifts of food and medical supplies into Kinshasa said. they were negotiating for guarantees of aircraft safety. (Reuters)

#### 25 Drown in Chiapas.

TUXTLA GUTIERREZ, Mexico -Six days of rain swelled rivers in the southern state of Chiapas, sweeping away houses, bridges and big trees. At least 25 people drowned and as many more were reported missing and feared dead. Another seven died in flash flooding in nearby Mexican states after heavy rains pounded the region. Governor Roberto Albores Guillen of Chiapas declared a disaster zone along the Pacific coast Transfer Mexican

hington of along the Pacific coast Tuesday. He tetween Isration Orthan 50 towns and villages had been forced from their houses. (AP)

## For the Record

Loom in Kinshasa

KINSHASA, Congo — The threat of food shortages hung over this capital of the rebellion against territory that have all American the research. Wednesday amid the rebellion against President Laurent Kabila, but plans for emergency aid flights were delayed by the 1982 war, the British Embassy in Buenos Aires said. The invitation precedes a visit to London by President

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For the Record

Herald Cribune

## BUSINESS/FINANCE

THURSDAY, SEPTEMBER 10, 1998

Singapore Feels the Pain Of Malaysia's Money Rules

SINGAPORE -- When Prime Minster Mahathir bin Mohamad of Malaysia dropped his bombshell last week and withdrew his country's currency and stocks from international trading, he made it clear that he had speculators in

Neighboring Singapore, however, has caught much of the shrapnel.

Before Mr. Mahathir unveiled the cap-

lital curbs, about \$9.5 billion, or 7 percent, of daily currency transactions in Singa-pore were in Malaysian ringgit. They have evaporated. One-quarter of stock trading in Singapore was in Malaysian shares. On Monday, when the Malaysian rules take effect, that will be history.

The impact of the measures on Singa-pore — the world's fourth-largest currency trading center — can be summed up as an unalloyed blow. While the island state can now claim to be the undisputed financial center of Southeast Asia, it is a region fast becoming a fading blip on many foreign investors' radar screens. "Malaysia is a closed market, In-

donesia is dead and Thailand may not 'recover," said Loh Kim Guan, a dealer at Kay Hian Pte., a local brokerage. -"It's very possible that funds will move out of this region, and it's very, very possible that we're out of a job.

Those in the immediate firing line are currency dealers, settlement clerks and

fund managers.

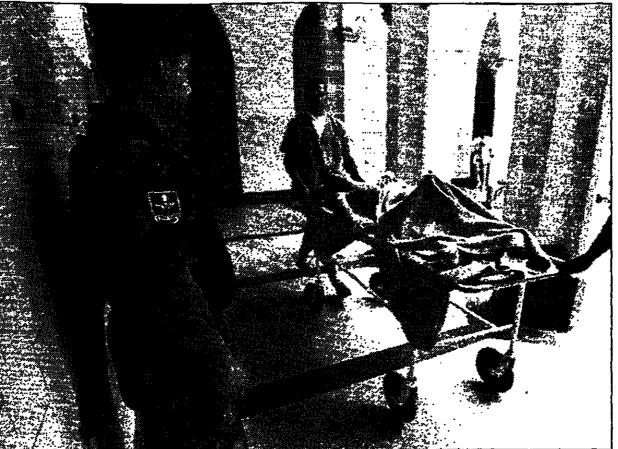
Mr. Mahathir said he took the moves because conventional high-interest rate policies advocated by bodies like the International Monetary Fund as a way of protecting his country's currency had only shriveled credit and hurt businesses, accelerating Malaysia's slide into its first recession in 13 years.

Malaysia, like IMF wards Thailand and Indonesia, has seen its currency lose as much as 40 percent of its value against the U.S. dollar in the last year as currency and debt crisis engulfed

Among the measures introduced by Malaysia was a ban on ringgit transfers between external accounts, a currency: peg fixing the ringgit at 3.8 to the notion. an end to foreign trading in Malaysian stocks and a rule forcing sellers of Malaysian stocks to hold the ringgit proceeds for a year.

The controls hurt Singapore on several fronts. As of March 1997, Singapore

See SINGAPORE, Page 15



Venezuelan soldiers overseeing a hospital where the staff is on strike. Low oil prices are crippling the economy.

## Venezuela's Economic Quagmire

#### Plunge in Oil Prices Brings a Booming Country to Edge of Recession

By Serge F. Kovaleski Washington Post Service

CARACAS, Venezuela -- When worldwide oil prices crashed earlier this year, so did Ranl Gonzalez.

As the petroleum-dependent economy in Venezuela started to sputter, the 29-year-old father of two was laid off from his coveted \$14-a-day job at a General Motors assembly plant in the town of Valencia near here, along with 1,200 other workers.

Today Mr. Gonzalez works alone on the teeming downtown streets of the Venezuelan capital, hawking cigarettes, cheap sunglasses and car floor mats to support his family.
This whole thing has been like be-

ing shot and not wearing a bulleuproof yest." Mr. Gonzalez said. "When oil died, everything in Venezuela went with it in a free fall, including myself and my wife and young

As crude oil prices bover at their lowest point in more than a decade, the fourth-largest economy in Latin Amer-

downturn, which follows a period of hardy economic growth, has caused widespread layoffs, brought the country to the edge of recession and rendered it more vulnerable than any other Latin American nation to the financial contagion from Asia and Russia.

Although the government and Congress have recently undertaken emergency measures to address the crisis, they have not been able to arrest the country's economic slide, whose symptoms include roaring inflation, lending rates of more than 70 percent and a sharply overvalued currency. Perhaps most ominous, the downtum has unnerved foreign investors, who until recently were touting Venezuela as one of the more promising emerging markets in the region.

The sense of unease has been heightened by the effects of economic turnoil on the country's presidential Chavez, 43, a former lieutenant colonel and radical populist who led a failed comp six years ago, holds a commanding lead in the campaign for election in ica is stambling badly. The sudden December. Among his unorthodox pro-

posals are plans to freeze foreign debt payments and slow the pace of priatization.

The specter of a Chavez presidency, coupled with the economic quagmire in this nation of 23 million people, has sharply reduced investment by foreigners and Venezuelans alike; some investors have already begun to flee the

"People are afraid. Investments have ground to a halt while people wait to see what happens politically and economically," said Olga Vieira, director of operations for the British Chamber of Commerce in Caracas.

The precarious economic condition has serious implications for South America, because it in Venezuela could pressure other countries to devalue their currencies — a move that would usher in higher inflation rates — as well as further sour investors to the region as a was on the verge of a large devaluation, after Colombia devalued its peso, shook financial markets from Mexico to Mad-

See VENEZUELA, Page 15

# German Growth Ebbs **Amid Global Worries**

France and Italy Also Cut Forecasts for 1999

By John Schmid tional Herald Tribun

FRANKFURT - The German economy stagnated in the second quarter, the government said Wednesday, suggesting that global uncertainties have started to weigh on the biggest economy in Europe.
France and Italy, the second- and

third-largest economies in the 11-nation bloc introducing the single European currency next year, separately shaved their growth forecasts.

The slowdowns in the three countries, which together make up more than two-thirds of the "euroland" economy, "fit the pattern of slower-than-expected world growth for 1999," said Hans-Juergen Meltzer, an economist in Frankfurt with Deutsche Bank AG. He said the bank would probably downgrade its growth forecast for Germany for next year.

In Germany, the anchor economy for the new currency, quarter-to-quarter growth slowed sharply, to 0.1 percent, in the second quarter, a rapid deceleration from 1.4 percent in the first three months of the year, the Federal Statistics Office reported. Measured against the corresponding period a year earlier, growth in gross domestic product in the second quarter slowed to 1.7 percent after a buoyant 4.3 percent year-on-year expansion in the first quarter.

Though a slowdown was expected after the surprisingly strong growth of the first quarter, there were surprises as economists combed through the report, unearthing worrisome signs pointing to slower growth.

The nation's legendary export engine has slowed as a reflection of the recessions in Asia, a trend that economists expect to continue into next year.

Consumer spending, a vital stimulus that many hoped would compensate for the loss of export fizz, fell 0.7 percent in the second quarter.

"Consumption is relatively weak for the first half," said Thomas Mayer, an economist in Frankfurt at Goldman, Sachs & Co.

Plant and equipment spending was also negative. Perhaps most troubling, economists said, was a sudden accumulation of company inventories. a warning that firms will cut output until their stocks have fallen.

growth for the full year," said Joachim Fels, London-based economist at Mor-

gan Stanley. Economists expect German exports to continue to erode in coming quarters as Asia remains weak and business in Russia and Central and Eastern Europe wanes. And that, economists say, will contribute to the expected slowdown in

German output next year. Mr. Fels downgraded his outlook for the 1999 growth rate to 1.5 percent from 2.2 percent. Deutsche Bank will probably lower its 1999 outlook to 2.5 percent or less from its previous forecast of

3 percent, Mr. Meltzer said.
Economics Minister Guenter Rexrodt said he expected this year's growth to meet the government forecast of 2.9 percent. Economists agree that a rate over 2.5 percent is virtually assured for the full year because of the "bigbang" first quarter, which was so powerful that the economy could stagnate throughout the second half and still

reach 2.5 percent. A recession in Germany or Europe remains unlikely in the near term, economists said, as long as Asia resists a new downward spiral or a new round of

currency devaluations. The Asian and Russian economic troubles were cited in Rome on Wednesday by Prime Minister Romano

Prodi of Italy, who cut his forecast for growth this year to 2 percent from 2.5

But there will be "no recession and no new 1929," he added.

In Paris, the French government adopted a draft budget for 1999 based on a growth rate of 2.7 percent, which Finance Minister Dominique Strauss-Kahn described as a "prudent" revision from the original figure of 2.8 percent, "given the uncertain international simation." Many analysis expect French growth next year to be well below even the revised government figure, with some forecasts as low as 2 percent.

## Russia Crisis Set to Erase EBRD's Net For 1st Half

LONDON - The European Bank for Reconstruction and Development said Wednesday that Russia's financial crisis would lead to steep losses, wiping out profit made in the first half of the year.

The bank, the agency charged with helping to rebuild Eastern Europe in the post-Soviet era, said it was likely to show some 150 million Ecus (\$170.4 million) of losses in the nine months through the end of September, and full-year results could also be in the red.

Created in 1991 and owned by 60 governments and government-owned institutions, the bank has made profits after loan-loss provisions for five years running before this year's economic turmoil.

Along with many commercial banks, the European Bank for Reconstruction and Development has also been swept up by the crisis in Russia because it now has to put funds aside to cover the risk that not be repaid.

The bank's results for the first six months of 1998 showed net profit after provisions of 29 million Ecus, up from 13 million in the same period a year before.

Steven Kaempfer, the bank's vice-president for finance, said that as of July 31 the bank had made 541 million Ecus of provisions to cover its portfolio risks, or more than 10 percent of disbursed loans and investments. Of that, 171 million Ecus related to Russia.

"In keeping with the EBRD's conservative provisioning policy. we anticipate additional provisions in the third quarter to reflect an initial risk assessment of recent events in Russia," Mr. Kaempfer

"While it is clearly premature to make an assessment of the bank's results for the year as a whole, these are now likely to show a loss, following five years during which the bank earned a net profit after provisions," he said.

The bank's first-half results do not reflect the full impact of Russia's economic meltdown, which did not start in earnest until the middle of August.

# As Wall Street Frets, Greenspan's Magnetism Grows

By Gretchen Morgenson New York Times Service

NEW YORK — Although there are many players on the stock market stage, the hmelight unquestionably belongs to Alan Greenspan, chairman of the U.S. Federal Reserve Board.

In a speech before students at the University of California at Berkeley on Friday, Mr. Greenspan suggested that the Fed might cut interest rates if the financial crisis that has humbled Asia and Russia and now threatens Latin 'America worsens.

Investors have come to believe, although it is not always so, that falling interest rates inevitably push stock prices higher. Many of these believers stampeded into stocks Tuesday, pushing the Dow Jones industrial average to its biggest one-day gain in history in terms of points.

But traders gave other reasons for Tuesday's manic move in stocks, all having more to do with psychology than with economics. For example, U.S. investors seemed to return from their Labor Day weekend thinking that the unrelenting selling of the past two weeks had taken stocks to levels that even Chicken Little would consider overdone. It was time to hunt around for bargains. Investors may also have done a little

Forward Rates

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Sources: ING Bank (Amsterdam); KBC Bank (Brussels); Banca Commerciale Hallana Villan); Bonque de France (Porta); Bank of Tokyo-billistibishi (Tokyo); Royal Bank of Co. Virusib): IMF (SDR). Other data from the Associated Press, Bloomberg and Reviers.

check of the calendar and found that it was time again to buy. Why? Because since 1981, all bear markets have lasted an average of about 60 days. This includes the whipping that investors took during the summer of 1983, the crash of 1987, the bear market of 1990 and the

decline of early 1994. Another factor working in favor of stocks Tuesday was a flood of buying by investors who had made bets that share prices were going to continue their downward spiral, what Wall Street calls short-covering. This is a type of forced buying caused when pessimistic investors who have sold short — selling shares they did not own in the hopes of buying them back later at lower prices - see these shares rise in value. Hurrying to cut their losses on trades gone

awry, these investors buy back the shares they had sold earlier. While the surge Tuesday was impressive, traders said that its steepness, particularly in the final half hour of trading, looked very much like the work of socalled momentum investors, those who buy stocks only after they have made a strong move. Many of these investors execute their trades near the end of the day in the hopes that the surge will draw

in other investors the next day. Still, Tuesday belonged to Mr. Green-span. His comments telegraphing the still looking dicey.

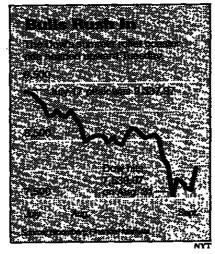
possibility of a rate cut were all investors needed to get their grooves back.

Does this make sense? Yes and no. Some of the stocks that made the biggest moves, favorites like America Online, Lucent Technologies and Cisco Systems, do not qualify as interest-rate-sensitive stocks. It is to be expected that bank stocks would rally on news of a possible rate cut, but why should lower interest rates propel the shares of In-

ternet darlings and computer makers? Conversely, shares of certain compa-nies that would benefit from lower rates barely budged Tuesday. Several home builders — Toll Brothers, Lennar Corp. and Kanfman & Broad Home Corp. -

only inched up. What stock market investors heard in Mr. Greenspan's Berkeley speech was that they now had something they had been sorely lacking for weeks: a backstop, a grown-up in charge. With the world in disarray, the International Monetary Fund weakened and President Bill Clinton hobbled, equity investors seized on Mr. Greenspan as the best candidate to save the planet.

Mr. Greenspan's comments may calm markets in the short term. But the future health of the stock market depends not so much on interest rates as it does on corporate profits. And those are



## France Urged To Privatize Aviation Firms

Reuters

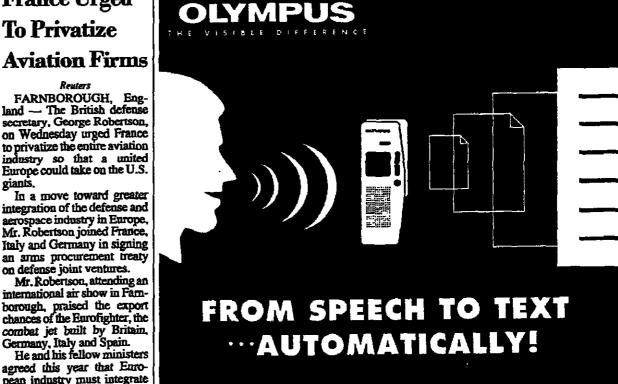
FARNBOROUGH, England - The British defense secretary, George Robertson, on Wednesday urged France to privatize the entire aviation

industry so that a united Europe could take on the U.S. giants. In a move toward greater integration of the defense and aerospace industry in Europe, Mr. Robertson joined France,

an arms procurement treaty on defense joint ventures. Mr. Robertson, attending an international air show in Famborough, praised the export chances of the Eurofighter, the

combat jet built by Britain, Germany, Italy and Spain. He and his fellow ministers agreed this year that European industry must integrate if it has any chance of fighting against U.S. competition.

"I want the French to be part of any future consolidation, and we have all made it clear that that can only take place if it is on the basis of private ownership," he said. He said he was encouraged because France has taken "huge leaps" in the last year toward this goal.



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#### **Very briefly:**

• The U.S. Securities and Exchange Commission unveiled measures to make pricing information about corporate bonds more readily available for individual investors.

 General Motors Corp. and Isuzu Motors Ltd. set up a \$300 million joint venture to produce and sell diesel engines in the United States. They will be built in Moraine, Ohio.

• Host Marriott Corp. has bought the Ritz-Carlton Hotel in San Francisco for \$161 million from Waverly Associates, a closely held partnership. Host Marriott also has bought the Crowne Plaza Hotel in Memphis, Tennessee, for \$16 million. The Memphis hotel, which will be converted to the Marriott

brand, was sold by Ambac Financial Group. • LM Ericsson AB will pay \$285 million for Advanced Computer Communication, an Internet equipment company controlled by Newbridge Networks Corp.

 Procter & Gamble Co. promoted its president, Durk Jager, to chief executive, effective Jan. 1. The current chief, John Pepper, will remain as chairman until next September.

• Boeing Co.'s request that a shareholder lawsuit contending that it covered up the extent of its production problems be dismissed was rejected by a U.S. judge. AFP, AP, Bloomberg

The Trib Index		Prices as of 4:00 P.M. New York Bind		
Jan. 1, 1992 = 100	Level	Change	% change	year to date %change
World Index	174.53	<b>— 3.92</b>	-2.20	+ 1.41
Regional Indexes				
Asia/Pacific	72.78	3.90	<b>— 5.09</b>	- 24.24
Europe	213.66	<b>— 4.87</b>	<b>— 2.2</b> 3	+ 10,68
N. America	231.81	<b>— 3.05</b>	<b>— 1.30</b>	+ 7.3
S. America	76.04	<b>— 2.40</b>	3.06	50.19
industrial Indexes				
Capital goods	236.43	<b>— 2.68</b>	<b>— 1.12</b>	+ 14,46
Consumer goods	214.77	<b>— 7.02</b>	<b>— 3.17</b>	+ 2.40
Energy	186.78	<b>— 1.37</b>	<b>— 0.73</b>	4.20
Finance	117.67	3.62	<b>— 2.98</b>	<b>— 4.3</b> 0
Miscellaneous	144,43	<b>— 0.80</b>	<b>—</b> 0.55	· - 3.64
Raw Materials.	163.96	+ 0.06	+ 0.04	1.90
Service	189.92	<b> 4.27</b>	<b>— 2.20</b>	+ 8.96
Utilities	156.31	1.48	<b>— 0.94</b>	6.33



## **AMEX**

Wednesday's 4 P.M. Close
The 200 most traded stocks of the day,
up to the closing on Wall Street. IMANAMANA INTO AND ASSESSED ASSESSED TO A 

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NEW YORK — Shares of Mertill Lynch & Co. plunged Wednesday, a had lost \$135 million in July and was preparing to cut costs after the to \$4.30 a share from \$4.88. recent market turmoil.

The losses are expected to reduce estimated \$102 million, according to Merrill, which made its announcement after the stock market closed on quarter - July, August and Septemper — Merrill earned \$493 million. Merrill has never before made \$4.33 a share from \$5.

such an interim announcement of its chairman and chief executive, said \$6.50.

NEW YORK — The dollar

surged to its biggest one-day gain in

three years against the yen on Wed-

nesday after the Bank of Japan un-

expectedly cut a key interest rate to

try to end the country's worst re-

wheels toward recovery." said

Philip Vasan, head of global foreign exchange at Credit Suisse First Bos-

enough. They're going to need to

FOREIGN EXCHANGE

supplement this with reform and

since September 1995. It will un-

dermine the money-market return

on yen deposits. That bolstered the

dollar to 136.845 yen in 4 P.M. trading, up from 132.200 on Tues-

day, its biggest gain since Aug. 15,

rose as high as 138.290 yen. The dollar fell to 1.7212 Deutsche

Earlier, the U.S. currency briefly

marks, erasing earlier gains, from

1.7305 the day before on concern

that the Federal Reserve Board may

follow Japan's lead and cut U.S.

Earlier, weaker-than-expected

Japan's rate cut "clearly signals

that the Bank of Japan is worried

about the state of the economy and

the banking system," said Nick Sta-

second-quarter German economic

growth numbers had helped under-

The rate cut was Japan's first

spending."

interest rates.

pin the dollar.

"This is designed to grease the

'But it's not going to be

cession since World War II.

Steven Eisman, an analyst at CIBC Oppenheimer, told Bloomberg day after the brokerage firm said it News. He lowered his third-quarter earnings estimate for the company August from its business with Rus- to 60 cents a share from \$1.10, and sia and other emerging markets and reduced his forecast for the full year

Among other analysts who lowered their expectations, Richard net income for July and August to an Strauss of Goldman, Sachs & Co. now sees 58 cents a share in the third quarter, down from a previous estimate of \$1.05. And at Lehman Tuesday. Last year in the entire third Brothers, Michael Sears forecasts third-quarter earnings of 65 cents; he cut his estimate for the year to

Merrill Lynch shares closed at earnings, David Komansky, its \$59.50 on Wednesday, down

mist at Baca Futures. "I think we're

David Jallits of Strategic Fixed-

headed to 140 yen" to the dollar.

Income LP in Arlington, Virginia, said, "They're in a panic situation

and these are desperate measures."
The cut "highlights just how fra-

gile the financial system in Japan

Some investors said lower Jap-

anese rates would do little to speed

recovery because they discourage

people, already receiving minuscule

returns on their savings accounts,

If anything, Japan needs to raise

rates, said John Serhant, chairman

of the investment committee at State

Street Global Advisors. "It's

wrong-headed, and the world is

telling them that" by driving down

something like 4 percent, the savers

BRASILIA — The central

bank of Brazil said Wednesday

that it would soon begin selling

country tries to attract investment

and stop an exodus of capital.

short-term rates were

from putting money in the bank.

still is," he said.

the yen, he said.

BankAmerica Corp., Morgan Stanley Dean Witter & Co. and Bankers effectively defaulted on some debt, sending prices tumbling for the securities of developing nations and causing interest-rate margins to widen rapidly for less creditworthy borrowers.

The sudden reversal of fortune for financial services companies, some of the most successful companies of recent years, has been stunning. 'It's impressive that so many big and smart institutions were on the wrong side of this trade," said John Keefe, president of Keefe Worldwide, a consulting firm.

provide liquidity," Mr. Serhant

But while the yen suffered against the dollar, the U.S. currency has

been weighed down against Euro-

pean currencies. Talk is "spreading

that the Fed is going to ease," said Alan Kabbani, a trader at First Un-

ion Corp. in Charlotte, North Car-

olina. "That's going to weigh on the

growing concern that an investiga-

tion into President Bill Clinton's

affair with a former White House

intern, Monica Lewinsky, will lead

The dollar fell to 5.7705 French

to his resignation or impeachment.

francs from 5.7945 francs, and to

1.4117 Swiss francs from 1.4167

francs. The pound rose to \$1.6680

rency, the real, expected to be

The government already sells

"The central bank is giving an

other dollar-indexed notes, which

about 7.4 percent this year.

any devaluation of the real.

(Bloomberg, Bridge News)

from \$1.6565 on Tuesday.

Also helping rein in the dollar is

said.

Brazil Plans New Dollar-Linked Note

new dollar-linked securities as the give investors protection against

The new note, known as instrument of hedge to investors,"

NBCF, will have a minimum ma- said Gustavo Franco, president of

turity of three months and pay an the bank, adding, "This doesn't

annual rate of 6 percent plus the mean any change in the country's

rate of devaluation of the cur- foreign exchange policy."

sults "because of the intensive public focus on deteriorating conditions cify what expenses, or how much dreds of millions of dollars of losses fact that most major international

> some form of disclosure." Merrill said that the losses it had rities to market value, allowances midst of evaluating all that."

Top executives declined to spe-Trust Corp., have announced hun- in the emerging markets, and the they might seek to cut. "We're reviewing our alternatives now," Mr. in the last two weeks after Russia financial institutions have made Komansky said. "Discretionary" spending, what can be eliminated. what can be deferred. We have a incurred included the cost of mark- wide range of alternatives. Howing down its inventories of secu-quickly to expand. We are in the?

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## Wall Street Retreats **Amid Profit Warnings**

Compiled by Our Staff From Disposche,

NEW YORK - Stocks pulled back Wednesday from Tuesday's powerful rally, with two high-profile profit warnings providing a reminder of how American companies would be given incentive to put money in the bank, and that would are being hurt by a global economic

Stocks pared gains as companies, including Procter & Gamble and Merrill Lynch, warned that thirdquarter profits will be below ex-

Companies with disappointing

#### U.S. STOCKS

earnings "will be pummeled," said James Gribbell, a portfolio manager with Cambridge, Massachusettsbased David L. Babson & Co.

The Dow Jones industrial average fell 155.76 points, or 1.9 percent, to 7,865.02. On Tuesday, the Dow gained 380.53 points, its biggest

single-day gain ever. The Standard & Poor's 500 Index declined 17.26 points, or 1.7 per-cent, to 1,006.20. The Nasdaq composite index dropped 36.30 points,

or 2.2 percent, to 1,624,56. Bonds posted the biggest gain in more than four months after an inulation that the Federal Reserve may

soon cut rates as well. The benchmark 30-year Treasury bond gained 1 14/32 to 103 15/32 taking the yield to 5.27 percent from

5.36 percent on Tuesday. Analysts already reduced their forecasts for earnings growth among the firms that constitute the Standard & Poor's 500 Index to 1.3 percent, from 10 percent on July 1, according to First Call Corp. That would be the worst performance since the fourth quarter of 1991; when the United

States was in recession.

Tuesday's post-Labor Day rebound from a steep summer slump came amid hopes the Federal Reserve would act soon to protect the U.S. economy from a fiscal crisis in Asia and Russia that is now threatening to engulf Latin America and even Canada.

On Wednesday, Boise Cascade, Eagle USA Airtreight, Walter Industries, FirstCity Financial and Borg-Warner Automotive warned that

earnings would be disappointing.

Procter & Gamble, a top U.S. maker of consumer goods, fell 7 11/ 16 to 71 15/16 after saying it expected earnings growth in the mid-

single digits in the first quarter. P&G also promoted Durk Jager would to chief executive on Jan. 1, upon Chairman and Chief Executive

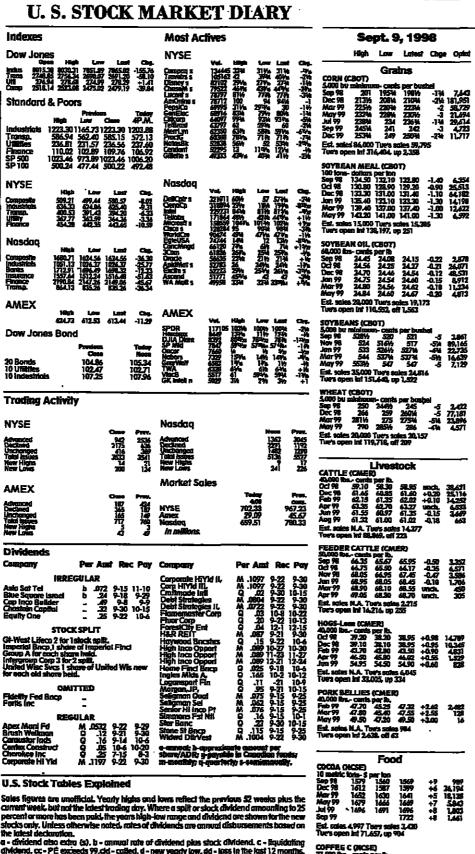
John Pepper's retirement. Merrill Lynch's profit warning sent other financial services shares lower. Citicorp fell 3 5/16 to 951/4

retreating from Tuesday's 7 percent gain. J. P. Morgan & fell 2 to 88½. Boise Cascade Office Products Corp. fell 1 11/16 to 10 15/16 after warning that third-quarter profit would fall below second-quarter results because of increased costs and terest rate cut in Japan sparked a lower paper prices. Borg-Warner rally in the dollar and fanned spec- Automotive fell 1 % to 42 15/16 after it said third-quarter earnings would be reduced by the recent strike against General Motors.

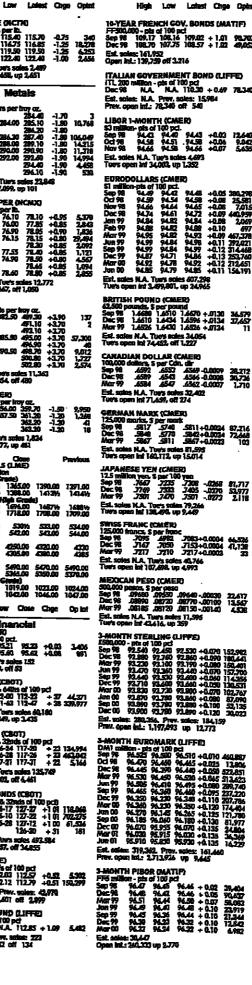
Sears, Roebuck and Federated Department Stores Inc. fell on concern that an economic slowdown will hurt sales. Sears dropped 3 9/16 to 45 15/16 and Federated fell 21/4 to 43 15/16.

Valley Systems rose 1 15/32 to 2 7/16 after HydroChem agreed to acquire all of Valley's assets for \$29.8' million and assume Valley's debt.
(Bloomberg, AP)

## INTERNATIONAL FUTURES



rude chara	018,700 E. (RETRO) 15,000 Ba., cents per lt. 5ep 98 118,60 115,70 115,70 -0.75 340 Nov 98 118,60 116,73 116,85 -1.25 18,278 Jan 99 120,75 119,30 119,30 -1.25 4,253
1 -114 7,643 -214 181,951 -2 58,729 -2 21,694 -114 29,614	Mar 99 123-30 122-40 122-40 -1.00 2,656 Est. sales N.A. Tue's sales 2,489 Tue's open lat 28,458, up 2,451
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	5 YR TREASURY (CROT) \$100,000 pm;-pis 5 60hs of 100 pc! \$69 98 112-54 112-00 112-22 + 57 44,27! Dec 90 112-50 111-63 112-67 + 38 339,977 Est soles 101,000 Toets soles 60,160 Turs open in 384,37, up 3,435
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9 989 6 36,194 5 18,138 7 5,840 8 1,803	Mor 99 117-31 117-31 117-31 + 22 \$166 Est. soles 202,000 Toets soles 125,749 Toets open lef 605,202, off 4,461
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4 67.980 1 56,504	CERMAN COV. RUND O DEED
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# Lucas Varity to Shift Headquarters to U.S.

Compiled by Our Staff From Disposches LONDON — Lucas Varity PLC readquarters to Buffalo, New York, will reorganize as a U.S.-based company, and exchange current shares pany, and exchange current shares
York Stock Exchange. Shareholders
for new shares in the company, in an
will receive one share in the sal material and have a second to the second effort to move closer to its principal customers and investors, the company said Wednesday.

The world's second-biggest maker of automotive brakes, cur-

## CS's Profit Climbs but Stock Falls

The Associated Press ZURICH — Credit Suisse Group said Wednesday that its net profit rose 36 percent, to 2.4 billion Swiss francs (\$1.69 billion), during the first half of this

But the company's stock price plunged, falling 13 per-cent, after the banking giant warned of further problems in emerging markets.

Credit Suisse said global financial turmoil, most notably in Russia, would affect its operating results in the second half. But Lukas Muchlemann, the chief executive, said Credit Suisse had no plans to withdraw from Russia or other countries experiencing economic prob-

lems.
"Russia and other emerging markets do have long-term potential and we do not want to pull out completely from these markets," he said.

The increase in first-half profit, which was bigger than expected, was driven by higher commission and service fees, trading and interest income.

Mr. Muchlemann said that the Credit Suisse First Boston investment banking business was the only part of the company affected by the crisis in emerging markets and that it had been reducing its exposure.

Credit Suisse shares closed at 212 francs, down 32 francs.

Wednesday, Sept. 9

WORLD STOCK MARKETS

MILAN - For Esterella Lanzi, the decision was simple. She used to pay about \$25 a month for a base subscription and calls on her mobile phone through Omnitel Pronto Italia SpA. Five months ago, the graphic designer canceled the concredit on the card.

a lot, the difference in cost is tremendous," she said, "I don't have to worry about monthly fixed charges, and I know exactly how

But prepaid cards are proving to be a mixed blessing for Europe's cellular phone service companies because the cards, which are insexted in mobile phones, are attracting cost-conscious clients.

afford a mobile phone," said Annika Jacrvebro, an analyst at Stelacon, a Swedish market researcher. Telecom Italia Mobile SpA of Telecom Italia Mobile SpA of very strong erosion in usage per Italy, Europe's largest mobile customer," said James Enck, an phone company, pioneered the

supply of prepaid cards in October 1996. Now, almost half of its 12 skeptical.
million customers use them. "We'll launch the product, al-Europolitan AB of Sweden, though we primarily go after which offers the cards in a country with mobile phone penetration of 45 percent, saw profit rise in the Munk Nielsen, said last month.

second quarter from the first. At

the prepaid plans cannibalize more help penetrate marginal groups profitable conventional contracts. that wouldn't otherwise use a mo-

Telecel SA, Portugal's second- bile phone," Mr. Enck said. largest mobile phone company,

edit on the card.

At Telecel's main competitor,
"For someone who doesn't talk Portugal Telecom SA's TMN unit, prepaid cards pulled per-user in

> For European providers, prepaid cards have been a mixed blessing.

come about 32 percent lower in the first half from the year-earlier period. Europolitan, by comparison, limited its decline in per-user income to 2 percent.

"Portugal is a startling example that prepaid cards can lead to a analyst at Nikko Securities in London. Tele Danmark A/S is equally

Still, average income per sub-

Peugeot's Net Surges Amid Rosy Outlook

penetration levels are suffering as benefit of prepaid plans was to

Devin Brougham, chief finansaw new users rise 16 percent in cial officer of Europolitan, said the second quarter from the first. last month that costs per prepaid Still, profit fell as prepaid plans user in Sweden were lower than for pulled down average monthly user subscription holders, widening profit margins, because the operator does not have to subsidize handsets for prepaid customers.

Ulf Hellzen, an analyst at Swedbank Markets, estimates that the pretax margin for a card customer in Sweden exceeds the 30 percent

margin for a subscription holder.
"Prepaid card holders call less than traditional subscribers and once they've called up the card, they might not renew it," he said. Still, marketing and administration costs are lower, and profitability is higher in the short term."

Other companies for whom the prepaid clients' cost-consciousness could be a cause for concern include the world's top three mobile phone makers: Motorola Inc., Nokia Oy and LM Ericsson AB. Although Ericsson last month raised its forecast for global cellular phones sold through 2000 by 10 percent because of strong demand for prepaid services, this does not necessarily mean higher profit.

"Prepaid cards are typically sold with low-end phones, which means lower margins" for the phone makers, said Henrik the same time, analysts say, scriber is not hit as hard in more Soederberg, an analyst at Hag-companies in countries with low developed markets where "the stroemer & Qviberg.

It added that it expected the Euro-

ment, Peugeot said, "should allow

High Low Close Pres

#### **Investor's Europe** London FTSE 100 index CAC 40 6100 4400-5750 TWI 40001 5500-5200 AV 4900 4600 A M J J A S 5000 A M J J A S 3400 A M J 1998 1998 Wednesday Pray. Close Close Exchange Close 1,076.50 1,095.68 -1.74 **AEX** 3,305,73 3,364,25 -1,74 5,040.87 5,103.84 -1.29 DAX 856.b2 654.87 +0.18 Copenhagen Stock Market 4,548.89 4,550.95 -0.08 **HEX General** OBX 529.37 541.43 -2.23 Cato London FTSE 100 5.511.30 5.344.20 -0.62 757.08 771.08 -1,78 21345 3,782.13 5.803.74 -1.69 Paris Stockho **6X 16** 3,828.17 3,719.86 -2.50 1,208.89 1.207.81 -0.09 SPI 4,276,89 4,599,45 -2,74

#### Very briefly:

 Ireland wants to sell a minority stake in Acr Lingus PLC. Europe's 10th-largest airline, preferably to a U.S. airline, which would make it easier for the carrier to forge international alliances and help the government cut debt.

• The jobless rate in the 11 countries slated for Europe's common currency fell to 11.1 percent in July from 11.2 percent in June, a sign that faster growth has prompted more hiring. Denmark's 1998 current account seems to be heading for its first deficit since 1989, when it recorded a gap of 8.1 billion kroner (\$1.23 billion).

 Russia should postpone the sale of a 75 percent stake in oil producer RAO Rosneft for at least a year because the plunge in the ruble has slashed its value, said Viktor Ott, the deputy fuel

• ABB Asea Brown Boveri Ltd., the Swiss-Swedish engineering group, will reduce its operations in Russia as a result of the economic and financial crisis in the country.

• Banque Nationale de Paris will buy 60 percent of the "PSA Peugeot Citroen's good results in the first half are linked to the Norwegian brokerage Norse Securities ASA in a move to anchor itself in the Nordic region. favorable evolution of European car

markets, up 7.6 percent, and also • Iveco SpA, Fiat SpA's commercial vehicles unit and Italy's largest truckmaker, plans to split into engine and truck units to better face increasing global competition.

· Koninklijke Grolsch NV, the Dutch brewer, said its net profit in the first half of 1998 was unchanged at 17.8 million pean car market to expand 3 percent guilders (\$9.1 million) as higher costs and sluggish sales at this year. The improved environhome offset increased revenue from exports.

the group to reinforce its market • Seita, the French maker of Gauloises and Gitanes cigarettes said its net attributable profit for the first six months rose 19.5 percent to 425 million French francs (\$73.25 million) and it (Reuters, AFP) cited a rise in sales volume.

# Cellular Firms Play Their Cards

tract and bought a prepaid Omnitel cellular card for \$58. She still has

The changes are the latest in efforts to focus on the company's most profitable businesses, following the shedding of the company's diesel engine unit and its amassing much money I'm spending. of as much as £1 billion (\$1.66 billion) for acquisitions. In Buffalo, Lucas Varity, which was formed by the 1996 merger of Varity Corp. and Lucas Industries PLC, will be closer

to its biggest customer, Detroitbased General Motors Corp.

The moves "will enable us to keep on an equal footing with our peer group," Chief Executive Victor "Operators have reached a new target group, low-consumption customers who previously couldn't Rice said. Lucas Varity did not say how much money it expected to save, although it said it did not expect the move to cost jobs in Britain or the United States. The company has

about 56,000 workers worldwide. Lucas Varity said the move reflects its growing number of U.S. investors. They make up nearly half of all shareholders, np from 33 percent, while the number of British shareholders has declined to 47 percent from 63 percent.

and seek to list its shares on the New

constituted company for every 10

ican depositary receipts will receive one new share for each ADR, which

represents 10 ordinary shares.

The United States also is home to the world's largest auto market, with 15 million car and truck sales anmally, and the world's two biggest automakers, GM and Ford Motor Co. GM is responsible for about 25 percent of Lucas Varity's brake sales.

Also on Wednesday, Lucas Varity said its first-half pretax profit rose 34 percent, excluding exceptional items, to £165 million, from the year-earlier period. The company took a one-time charge of £18 million related to a unit sale in the second quarter.

The company benefited from strong U.S. demand for vehicles that The company benefited from strong U.S. demand for vehicles that use its brakes, higher aerospace sales strong U.S. demand for vehicles that use its brakes, higher aerospace sales francs (\$383.1 million) from a reand lower interest expenses. That stated 505 million francs for the first 1.158 million units. offset a strike at GM, which cost six months of 1997. Operating in-Lucas Varity £11 million in lost parts come rose to 4.48 billion francs production in the second quarter.

lion. Lucas Varity's shares finished after posting a loss last year. 2 pence higher at 211 pence. (Bloomberg, Renders, AFX) billion francs, or 15.2 percent after

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the cost of the acquisition of Bertrand francs, up 29 francs, or 2.99 percent. PARIS - PSA Peugeot Citroen Faure SA, a parts manufacturer. Two SA reported a sharp rise in first-half thirds of sales were achieved profit on Wednesday and said it abroad.

expected to surpass its targets for the Peugeot said the rise in profit reflected increased vehicle sales in reflect efforts to implement new pri-European markets and cost reduc- orities outlined at the start of the tions. Vehicle sales rose 6 percent, to year," the company said. Peugeot said it expected to sig-

nificantly exceed the objectives it from 782 million as its core carhad set for 1998. The company had Sales rose 8 percent to £2.2 bil- making business returned to profit previously said it expected operating income to reach 5 billion share in Europe and pursue steady Sales rose 23 percent, to 116.04 francs for the year.

Peugeot's shares closed at 1.000

growth of global sales." High Low Clase Prev.

Late tracking

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# كخذاص الاصل

# Feeling the Pinch From a Weakened Ruble - in Beijing

By Elisabeth Rosenthal

New York Times Service bejeweled, fuzzy sweaters, lavish bejeweled, fuzzy sweaters, lavish anxious store owners, drawing on blond wigs and formidable lacy bras cigarettes or playing chess, and idle reflecting the latest fashion freight company employees watching the latest fashion freight company employees watching television and playing cards.

Business is off by 80 or 90 per-

Russian traders buy cheap Chinese are gone. goods in bulk for sale back home, providing a brisk business for the market's Chinese stall owners, alone the rent," said Liu Zhanguo,

But the plunge in the ruble over the last two weeks has transformed bound."

this once-prosperous market into something of a ghost town. The Rus-BELIING - Normally the Yabao here. So, on a steamy summer day, Road market here is a bustling place, on the block that begins at the Moswith more than 2,000 stalls cow Restaurant, the only residents crammed full of gaudy fur coars, of the vast outdoor market are

Here, throngs of independent cent, they say, now that the Russians

inany former government employ-ees who have gone into business for a room full of furs. "All our basiness is from Russia, so we are finished if the ruble doesn't re-

# Malaysia Eases Credit

KUALA LUMPUR — The central bank of Malaysia said Wedamount of money banks must keep with them - and said banks would head of Bank Negara Malaysia, the have to step up growth in lending to an annual rate of 8 percent. Both measures are intended to ease credit as the government tries to pull the country out of its first recession in

Funds freed up from the cut in the reserve rate will be used to buy bonds sold by Danamodal Nasional Bhd., a government agency charged

#### Taiwan-China Links Sought by Business

TAIPEI — U.S. business executives here on Wednesday urged Taiwan to establish direct transport scand communications links with its rival China.

bus ness's perspective to have direct banks with the ability to lend more. links with the mainland," said Jef- Earlier this week, the central bank frey Williams, president of the cut the requirements to 4 percent American Chamber of Commerce.

Mr. Williams said the organization China "to ensure that all international companies are allowed to participate in the transportation links."

Continued from Page 11

rid as investors worried that it might

trigger a domino effect across Latin

adopt economic reforms, analysts say.

has been to delay difficult fiscal de-

Continued from Page 11

was Malaysia's largest trading partner. In 1996, it was Malaysia's largest for-eign direct investor. Singaporeans make

inp the largest group of visitors to Malay-sia, and Malaysians are the third-largest

This all added up to demand for ring-

git and to Singapore dollar-ringgit cross

Sani Hamid, an analyst at MMS In-

ternational, a financial services unit of

Standard & Poor's Corp., said that the effect on Singapore was likely to be

CBITTE

(building support)

group of visitors to Singapore.

percent of government income and 80

It is believed to rely on oil for 60

America.

"The money I've made in the last

# In Move to Lift Lending

with attracting new capital for ailing

nesday that it planned to halve its cut "at an appropriate time," said reserve requirement rate — the Ali Abul Hassan Sulaiman, making his first announcement as the new

Mr. Ali, an ally of Prime Minister Mahathir bin Mohamad, was appointed this week after Mr. Ali's predecessor, Ahmad Mohd Don, quit over differences with Mr. Mahathir on the direction of interest rates. Mr. Mahathir has argued that high rates have choked off growth and accelerated the country's slide into recession.

are "exactly what you'd expect with Mahathir in charge," said Simon Mahadevan Flint, an economist at Independent Economic Analysis Holdings, a research house. Last week Mr. Mahathir dismissed Anwar Ibrahim, the deputy prime min-

Bank Negara said it would cut reserve requirements by 2 percentage points, to 2 percent, its fifth cut "It's very important from the since February, as it looks to provide

> Bank Negara said all banks must (Bloomberg, AFP)

VENEZUELA: Investors Worry About an Oil-Hooked Economy

would recover," said Robert Berges, a

Latin American strategist at Merrill

Lynch & Co. "What they are trying to do

now is find ways to finance their big

Chamber of Commerce, which repre-

sents 90 percent of foreign investment in

this country, said: "This is the process

"Facing reality," he added, "has for

"more dealers and more settlement clerks looking for jobs as property agents and taxi drivers."

either. Property sales slumped 43 percent last year, and taxi drivers are feeling the

pinch as consumers rein in spending.

Not that these are secure jobs to hold

For Singapore, the Malaysian blow

comes as the economy is slowing and apparently bound for its first recession

in 14 years. For the first time in a

decade, the country, with 3.5 million

people, has more job seekers than jobs available, the Business Times reported

something of a ghost town. The Russians can no longer afford to buy
U.S. dollars. And, with the ruble place selling wares.

This unofficial trade is estimated

known as the Russian market, is one China's exports this year.' small piece in

what has been a Business is off 80 or thriving trade between Russia and 90 percent at a China, sustaining thousands of bosimarket for goods nesses small and aimed at Russia. large, private and public in both

countries. billion, including \$2 billion in ex- mission. ports from China, mostly textiles,

Academy of Social Science. But he said that statistic did not

like Yabao Road is conducted in traders who wander from place to to live or die financially by Russian

end.
Lu said, adding, "The devaluation
The Yabao Road market, also of the ruble will definitely affect

Overall, the ruble's nose dive is not nearly as troubling China as the Japanese yen, said Li Guobin, an economist at

the State Infor-Last year the official value of mation Center, which is associated China's trade with Russia was \$6.2 with China's State Planning Com-

While a falling ruble means that food and garments, said Lu Russians buy fewer Chinese goods, Nanknan, vice director of the Center it also means that China can buy less for Russian Studies at the Chinese expensive cement and power-station parts, for example, from Russia. "For China, there are good and bad

> But the last two weeks have been a disaster for thousands of small-business owners who have left the few enstomers now," he said.

Matsushita to End U.S. Chip Production

makers have been hit hard by a

global glut in computer memory

chips that has pushed down prices

in 1991 and had primarily manu-

factured 4-megabit D-RAM chips,

Japan's Kyodo News reported.

The Puyallup facility was set up

Wills, left him unable to do his job.

and by Coca-Cola Co.

Fired Executive Sues Coke

SYDNEY — Coca-Cola Co. is facing rare scrutiny in Australia's courts where it is being sued for "unfairly" firing one of its most

Norb Cole, former chief executive of Coca-Cola Amatil Ltd., the

company's biggest bottler outside the United States, claims that

interference from Coke and by the Australian unit's chairman, Dean

Mr. Cole, 55, is seeking up to \$20 million in compensation for what

his lawyers say was the "unfair, harsh and unconscionable conduct"

of Coke and Coca-Cola Amatil when they fired him in February. Court

papers detailing Mr. Cole's suit claim that Mr. Cole was not given a full

opportunity to carry out his duties because of interference by Mr. Wills

Coke owns 43 percent of the Australian bottler. The dismissal of Mr.

Cole coincided with a decision by the companies to restructure much

of their European operations into a separate, publicly traded company,

though Mr. Cole said that before he was dismissed, Coca-Cola Amatil

never expressed dissatisfaction with his "performance or skills."

and eroded profits.

Business at wholesale markets a derogatory term for itinerant security of state-owned enterprises trade. A number of stalls have closed temporarily. Hotels, restauago, Russians do not have dollars to to be worth \$3 billion annually, Mr. rants and other businesses that cater to the traders are hurting too.

As Westerners walk down the market aisles, bored vendors sitting on small wooden stools look up hopefully from Nintendo games. 'Are you Russian?'' they ask

In a small store that sells Chicago Bulls hats, Zhao Xianhan now weakness in the drinks tea and plays solitaire. Mr. Zhao, who came here two years ago from rural Hebei, shares the stall with a woman who sells hairpieces and wigs, but nothing much is selling now only an occasional Afghan or Romanian customer

Mr. Zhao said that he used to make a profit of about 20,000 yuan (\$2,400) a year, roughly double the average income for Beijing. But he and his wife can no longer send money home to his parents and to their child - they cannot even afford their rent.

"When the season is good we sell

Since February last year, largely because of massive oversupply, the price of 64-megabit D-RAMs has

collapsed to \$10 from \$60, barely

Wednesday at 2,020 yen, down from 2,060 yen. (AP, AFP)

Matsushita share prices closed on

above the cost of production.

#### Investor's Asia Singapora Straits Times Hong Kong lang Seng Nikkei 225 12001 -1700 16750 16000PL 10800 S400 -14500 908 13750 6000 A M J J A S 1998 700 A M J J'A'S Wednesday Prev. Close Close 7,905.45 8,189.25 Hong Kong Hang Seng Straits Times 885.46 368.68 +1.03 Singapore 2.542.50 2.555.20 All Ordinaries Sydney 14,755.54 14,913.49 -1.06 Tokyo NEKKE 225 349.56 Kuala Liknpur Composite Bangkok Composite Index 329.22 326,35 Seoul sipei Stock Market Index 5.894.57 6,942.26 1,157.A3 1,192.08 -2.91 Composite Index 325.76 330.41 NZS5-40 1,793,15 1,809,67 3,097.12 3,098.10 +0.03

#### Very briefly:

Sensitive Index

• The International Monetary Fund will not allow Indonesia, which is required by the IMF to allow unfettered trading in its currency, to introduce capital controls like the ones adopted by Malaysia, said Hubert Neiss, the Fund's regional director.

 Japan has asked the World Trade Organization to set up a dispute-settlement panel to review a law passed by Massachusetts barring state contracts with companies that do business with Burma, Japanese officials said.

Toyota Motor Corp. said it would spend up to 65 billion yen (\$491.7 million) to buy back up to 18 million of its shares, or 0.5 percent of its total shares issued.

• The Philippines activated a \$1.35 billion standby loan from the International Monetary Fund as revenue decreased. Indonesia said it would help speed talks between corporate debtors and their creditors. AFP, Reuters, Bloomberg

## China Data Show Slow Growth

BELIING - China's industrial output figures for the first eight months of the year were further evidence that the government's target of 8 percent growth was unlikely to be achieved, economists said Wednesday.

"It's not encouraging," said Charles Li, economist at Natwest Global Capital Markets in Beijing. "We are very doubtful that there is any significant improvement in production."

China's industrial output rose 7.9 percent in August compared with the year-earlier period and reached 158.2 billion yuan (\$19.11 billion), according to figures released by the State Statistics Bureau on Tuesday.

The growth rate for the first eight months of the year was 7.8 percent, down from 8.2 percent in the first quarter of 1998. It showed a downward trend through the year.

The August growth rate, depressed by massive flooding, was up 0.3 percentage point over July.

#### include the unofficial export trade things about the ruble's devalu-from places like Yabao Road: Of-ation," he said. ficially, the Russians who buy thousands of wigs and coats are not a disaster for thousands of smallmen, but tourists or dao ye,

banks. The reserve requirement will be

The steps announced Wednesday ister and finance minister.

from 6 percent.

was also encouraging the Republic of achieve a minimum annual growth in lending of 8 percent by the end of the year, more than double the current rate,

fiscal deficit."

In contrast to Chile, Argentina and Antonio Herrera-Vaillante, vice pres-Mexico, Venezuela has been slow to ident of the Venezuelan-American

percent of export income, and it has been emerging from a populist, socialist state

criticized for not moving more aggress-ively to buffer its economy against pe-ively to buffer its economy against pe-by oil revenues. People had been pro-

troleum shocks through diversification.

"Countries like Mexico have been more defensive. Venezuela's strategy rag."

"Out revenues. reopic nad ocen protected by a petroleum cushion, and all of a sudden it is not a cushion but a little rag."

cisions in the hopes that the oil market been one of the biggest problems for

SINGAPORE: Malaysia's Rules Hurt

TOKYO - Matsushita Electric Industrial Co. said Wednesday that it would close down its computer chipmaking operations in the United States by the end of the year because of the collapse in microchip prices.

The move will affect about 340 employees at Matsushita Semiconductor Corp.'s factory in Puyallup, Washington, Matsushita Electric said. "The decision was made in view

of the increased difficulty in continuing operations due to the effects of changing semiconductor condi-tions," the company said. It blamed the painful collapse in prices for dynamic random-access

memory, or D-RAM, chips. Matsushita Semiconductor is an affiliate of the larger, Osaka-based Matsushita Electric Industrial. Matsushita markets products under the Panasonic, Quasar, National and Technics brand names.

The decision to shutter the American semiconductor factory followed similar moves to withdraw from U.S.-based chip production by rivals Hitachi Ltd. and Mitsubishi Electric Corp.

All three Japanese electronics

The government of President Rafael

Caldera has been forced to tighten its

belt severely as oil revenues have

budget deficit estimated at 5 percent of

gross domestic product, the adminis-

tration has so far cut more than \$4 billion

from public spending — a large part of it

from the state oil company, Petroleos de

Venezueia. Last week, Congress passed

a battery of fast-track economic reforms that, among other things, will enable the

government to issue up to \$1.4 billion in

But critics contended that the reforms

mostly address long-term issues and that

there is little investor interest in purchasing debt from emerging markets. At the same time, administration officials

acknowledged that the economic ini-

tiatives should have been implemented

The government suffered a significant

setback last week when its attempts to sell

its money-losing aluminum production complex, valued at \$1.55 billion, un-

raveled for the third time when the only

bidder pulled out of the process, citing instability in world financial markets.

Meanwhile, government officials said they have no plans to devalue the cur-rency, the bolivar, which is considered to

be anywhere from 40 percent to 60 per-

cent overvalued, and that the country has

about \$15 billion in international re-

serves that can be used to prop up the

much earlier.

currency.

new debt to help cover the shortfall.

olunged 35 percent this year. To stanch a

#### Half-year results

Consolidated figures (FF. in militars)	1" helf 1998	1" half 1997	
Net sales	7,327	6,452	+ 14 %
Operating income	1,192	993	+ 20 %
Operating margin	16.3 %	15.4 %	
Net income	629	517	+ 22 %
Net margin	8.6 %	8.0 %	

Strong sales growth resulted from a combination of factors:

- a healthy rise in business in France and, even more, on international markets, as product lines launched in the past two years gathered momentum. At constant structure and exchange

consolidation of recently acquired companies, in particular the emergency lighting division of URA Soft and US company Ortronics, specialized in prewiring hordware for VDI networks.

A further steep rise in profits and margins in the first half of the year testifies to Legrand's ability to successfully market its product range.

Full year, assuming no major upheavals in business or exchange rates on its main markets, the group expects to report a marked

FINANCIAL INFORMATION: Tel : (33) 1 49 72 53 53 Internet: www.legrandelectric.com

## L1 legrand

The board of directors, choired by Mr. François Grappotte, met to review consolidated results for the first half of 1998.

rates, sales rose 6,4% in the first half of 1998

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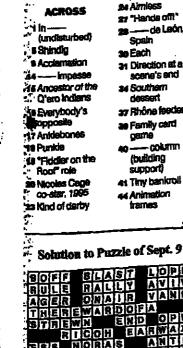
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See our Fricadahipa every Saturday in The Intermarket

FMG MIR SICAV Société d'Investissement à Capital Variable 10A, Boulevard Royal, LUXEMBOURG R.C. Luxembourg B 53.392 NOTICE OF MEETING

The Board of Directors proposes to the shareholders of FMG MIR SICAV "the Fund") to amend the Articles of Incorporation of the Fund ("the articles") in order to introduce the fractional registered and bearer shares to one thousandth of a share.

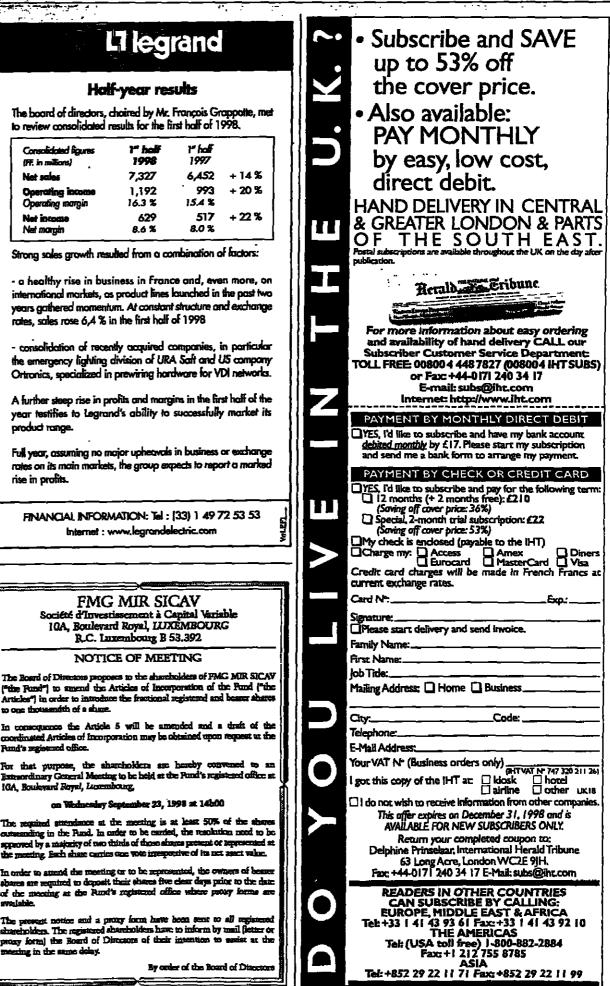
pordinated Articles of Incorporation may be obtained upon request at the Fund's registered office. For that purpose, the shareholders are hearby convened to an Extraordinary General Meeting to be held at the Fund's registered office at 10A, Boulevard Royal, Lecemberry,

on Wichesday September 23, 1998 at 14b00

The required amendance at the meeting is at least 50% of the aboves not require successance as the instanting is at a last 1990 at the standard continuent in the Rand. In order to be carried, the resolution need to be appeared by a majority of two thirds of those shapes present or approximate at the meeting. Each share carries one your irrespective of its not space value. In order to attend the meeting or to be represented, the owners of beautr shares are required to deposit their shares five clear days prior to the date

The present notice and a proxy form have been sent to all registered shareholders. The registered shareholders have to inform by mail [letter or proxy form] the Roard of Directors of their intention to essist at the meeting in the same delay.

By order of the Board of Disc



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# S PORTS

#### New German Coach

SOCCER Erich Ribbeck, the former Bayern Munich coach, on Wednesday got the job of restoring Germany's soccer glory when he was named national team chief.

The German soccer federation named Ribbeck, 61, to take over from Berti Vogts, who resigned Monday. His assistant will be the former international Uli Stielike, previously in charge of Germany's youth side. They will be respon-sible for the national team through the 2000 European Championship.

Ribbeck's appointment came as a surprise. His name had not been mentioned before as a possible candidate. The appointment ended a hectic 48 hours, during which several candidates had turned down the iob for various reasons.

#### An Owner for the Browns

FOOTBALL Al Lerner, a credit card magnate who helped Art Modell move the old Cleveland Browns to Baltimore in 1996, was chosen unanimously by National Football Browns franchise for \$530 million, a record sum for a North American sports franchise. Lerner defeated a \$500 million offer from Charles Dolan, the chairman of Cablevision Systems, and his brother, Lawrence, a Cleveland-area lawyer.

"If you ask me how it feels to write a check for a pair of shoes, I could tell you," said Lemer, the chairman of MBNA Corp., a giant credit card issuer, who is worth a reported \$2.5 billion. "But at this level, it's a unique experience." (NYT)



McGwire kissing the ball that Steve Trachsel pitched and he hit out. just a regular Joe."

# WORLD ROUNDUP A Night to Remember

#### 'It's Been Some Summer' for Baseball

By Michael Wilbon hington Post Service

T. LOUIS — Inevitable as it had become that Mark McGwire would pass Roger Maris, the moment it took for his uncharacteristic line drive to clear the left-field wall was just as dreamy, just as joyous and dramatic and emotionally overpowering as if it had happened on the last at-bat of the

Folks from Major League Baseball had said as this chase heated up that they did not want the game to be interrupted after the historic 62d home run. But thankfully McGwire paid them no

#### VARTAGE POINT

mind. Thankfully he and the Chicago Cubs, and especially Sammy Sosa, let it all hang out with their high-fives and back slaps and bearhugs.

Thankfully, McGwire forgot all

about the game long enough to hop the railing near the first base dugout and hug the Maris children, whom if they were conflicted about their dad's being surpassed never let on.

I'm sure there are hard-nosed purists out there who don't understand infielders' congratulating a man for hitting a home run in a game so critical to the standings. I'm sure poor Steve Trachsel, who gave up the historic blast, could have done without Sosa's rushing in from right field to be hoisted into the air by the mammoth Big Mac. I'm sure there were coaches in that Cub dugout, oldschool guys who ask no quarter and give none, who wondered where the players' priorities had gone to celebrate a home run that cut the Chicago lead to 2-1.

To all of that, the only and obvious answer is: "It's once in a lifetime."

I don't know that there's ever been so much emotion, so much ecstasy released in a baseball game without a league championship series or World Series being contested. But this is what happens when a feat of 37 years is surpassed.
That McGwire was able to hit No. 62 before summer turned to fall makes it even more remarkable. It took McGwire only 145 games, nine games fewer than Babe Ruth had available to him back in the 1920s and '30s, and 17 games fewer than were available to Maris.

The only suspense was when and how far. McGwire was at first so uncertain the ball would clear the fence that he sprinted from the batter's box. Then, realizing the ball had cleared the fence. he was so juiced he went right by first base without touching it.

Now wouldn't that have been a his toric moment? Suppose McGwire had never gone back to touch first base and the Cubs made an appeal to nullify the

The chase to pass Ruth and Maris has been as complete as it has been historic. Not all the record-setting nights in major league baseball have been conducted with such class. It has been a long time, but some of us will never forgive the then commissioner, Bowie Kuhn, for failing to be in attendance when Hank Aaron hit home run No. 715 to break Ruth's career mark.

Commissioner Bud Selig would not miss the culmination of a summer that has revived baseball. "It's been some summer," he said of McGwire and Sosa. People for two or three generations will remember where they were when McGwire hit the home run. What utter grace and dignity they've brought to the game. It's not only their achievements, which are obviously magnificent, but it's the way they handled themselves."

## A 'Regular Joe' Gives Ball to McGwire

The Associated Press

ST. LOUIS — The young man who retrieved Mark McGwire's historic 62d home-run ball answered as many questions as he could. Then, no way around it, he had to go: The field was a mess, and duty called.

"I'm on the clock," said Tim Forner-is, 22, who until Tuesday night was no different from any other member of the Busch Stadium ground crew.

It had been a main thing to speculate about for days. In St. Louis, the question raged: Keep it or give it back? Return it gratis or cajole money and lots of cool stuff from McGwire and the Cardinals?

It proved easier than anyone imagined. For Forneris, who retrieved the ball from behind the left-field wall, it was not even a choice. "It's not mine to begin with," he said, though most on an analogy to principles of tax law once he got his hands on it. "McGwire just lost it, and I brought it home. I'm

At a postgame ceremony, McGwire took the ball, examined it and held it up triumphantly. The Hall of Fame then took possession of the ball, as well as McGwire's bat and uniform.

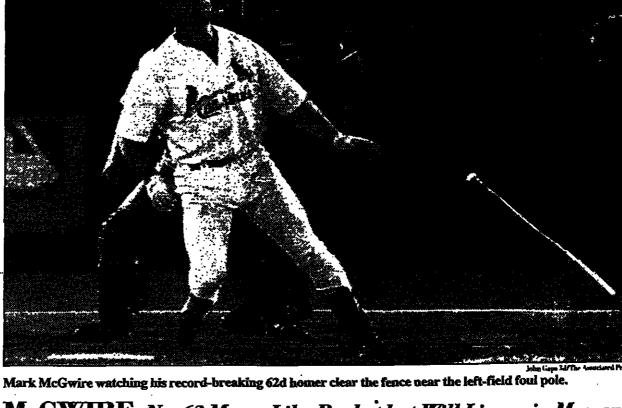
#### ■ The IRS Beats Hasty Retreat

The Internal Revenue Service said that the person who retrieved Mc-Gwire's 62d home run ball and immediately gave it to the slugger would not have to pay a federal gift tax regardless of the estimated worth of the ball, The Washington Post reported.

Various estimates had placed the

value of the ball at \$1 million. An IRS statement said anyone who immediately returned the ball "would not have taxable income."

"This conclusion," it said, "is based people agreed that, technically, it was that apply when someone immediately declines a prize or returns unsolicited merchandise. There would likewise be no gift tax in these circumstances."



#### McGWIRE: No. 62 Moves Like Rocket but Will Linger in Memory

Continued from Page 1

"People say this has brought the country together," McGwire, 34, said of his duel with Sammy Sosa, the Chicago Cub, for the home-run record. "So be it. I'm happy to bring the country together. Sammy and I have helped put baseball back on the map as The Sport, America's pastime."

Everything about the last few days here in McGwire's home park — in which he has hit home runs No. 60, 61 and 62 — has had the feeling of an affectionate middle-American home movie, dripping with sincerity, sentiment and the impulse to include every possible person in the festivities.

In the last two games, McGwire has surpassed the legendary totals - learned by millions of American children - of 60 homers in 154 games by Babe Ruth of the New York Yankees in 1927 and 61 homers in 162 games by the Yankees' Maris in 1961. By stunning contrast, this was merely McGwire's 145th game. Baseball has a new heavyweight slugging champion: by a knockout.

As a further twist of fate, McGwire has no assurance he will finish this season with the all-time record. On the same. field on Tuesday night was Sosa, who has 58 homers. After McGwire lifted Sosa in the air in celebration — just as he had his 10-year-old bat-boy son, Matthew, moments before - the pair exchanged higs as well as Sosa's trademark heart-tap-

he has hit 172 homers, McGwire, 34, prodigious slugger since Ruth. And per-haps the best, including Ruth. But he has too, has been a product of McGwire's long, slow and deep.

also become, perhaps, the most open, demonstrative and sharing singger since Ruth, as well. That emotional largesse came naturally to Ruth. For McGwire, it has been hard won — through divorce, career-threatening injuries, horrible shamps and several years of therapy.

On Tuesday night, however, even Ruth could not have risen to the moment with more genuine exuberance. Mc-Gwire hugged Cubs infielders, did his version of the Sosa shuffle as he approached second base and pointed his finger to the sky in honor of the late Maris all before he had touched home plate.

With the 11-minute, game-stopping celebration barely in full swing, the precious 62d home run ball — for which offers of \$1 million have been made was already in McGwire's possession. Who got it? In a sense, nobody did. The ball never reached the stands. Instead, it clattered around a storage area just beyond the fence when Tim Forneris of the Busch Stadium grounds crew picked it up and retrieved it for McGwire.

So much for \$400 bleachers tickets as a kind of Home Run Ball Lottery. Mc-Gwire now has his last seven home run balls, returned to him in exchange for nominal gifts or nothing at all.

As McGwire's liner headed toward

the wall, one person seemed to know that the ball would carry farther than any normal hitter could expect. Kevin Maris, one of Roger's five children at this game, said, "There it is," as the ball flight. The split second it left the Over the last three seasons, in which yard, he threw his arms in the air and

work, as he has sought out the Maris family since they arrived.

McGwire climbed the box seat railing

and drew multiple Maris children to him - whispering in their ears, exchanging private thoughts in a public moment. Maris got a terrible press 37 years ago, but, thanks to McGwire, he's gotten a great one for the last week.

'Like I've always said, Mark's a better person than a player," said Tony LaRussa, the Cardinals' manager. Perhaps the most remarkable aspect

of McGwire's achievement is the way he has gotten stronger, hit better and embraced the public spotlight more as he has approached No. 62. "You can't waste any brain cells thinking about it for hours and hours," said McGwire who has tried to block out Big Thoughts away from the park. Once on the field, "sometimes," he admitted, "you might be shaking a little bit, heart beating a thousand miles a minute." Yet, for the most part, he has been

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model of composure. Once, last Friday, he had to call time-out at the plate when the crowd's roars and his own excitement had him gasping for breath from hyperventilation. But Sosa's presence smed to have calmed him on Monday and Tuesday. Home runs No. 61 and 62

followed.
"It has been quite amazing." Mc-Gwire said Monday. "I think I have amazed myself. I think I have amazed other people. So it is hard not to have

He hardly knew that this constituted cheered — not as though his father's understatement. On Tuesday night, his has established himself as the most record had been broken, but as if home run was short and quick, but the

> games and Ruth's record for 154 were both listed in the record book, until

Ruth's line was dropped in the early

1990s by Fay Vincent, the last com-

missioner who was not an owner.

# Overshadowed but Not Forgotten: Maris, 37-Year Home-Run King:

While everybody is cheering Mark McGwire, let us not overlook Roger Maris. For 37 years, in life and in death, Maris held one of sports' most important records, despite the sullen disapproval of many fans, who saw him as a one-trick imposter.

The incessant buzz of the talk-radio

age has turned Babe Ruth into "the fat guy who hit home runs," which is purely bogus. Ruth was an agile right fielder for much of his career, with a good arm and a good baseball brain, and Maris was a worthy successor.

Maris surpassed Babe Ruth and Mickey Mantle under intense pressure, and his 61 home runs in 1961 really should have brought him more fame, more money, more joy and more permanent respect than they actually did.
"Roger played in seven World

Series, was a two-time most valuable player - and he broke Babe Ruth's record," said Ralph Terry, a former teammate. "But he got in a feud with a couple of writers, so he's not in the Hall

"People forget just how good a ball-player he was," said another teammate, Johnny Blanchard. Maris never had a buffed or lab-

oratory look. His muscles came with the original package that once ran back five kickoffs for touchdowns in a high school football game. His hands and his eyes were intimately coordinated at birth, and his compact, powerful, lefthanded uppercut stroke was born to drive a baseball into the porch in Yankee Stadium.

He was no surprise when he hit 61

homers. Roger Eugene Maris was born on Sept. 10, 1934, in Hibbing, Minnesota, and raised in North Dakota. He arrived in the majors in 1957 with

Cleveland. The next year he was traded to the Kansas City A's, the Yankees' major league farm team in the docile cartel that was the American League in the bad old days. They loved him in Kansas City,"

said Terry, who was exiled there by the Yankees for a couple of years. "He could run and drag a bunt and he was leading the league around 345 when he had an appendectomy. He came back too soon, and his stom-

ach muscles were weak and he had a couple of slumps like 2-60 and 5-90 and he finished at .273.

"That was the only way Kansas City could send him to the Yankees," Terry added. "If he was hitting .345, they would have torn up the place if Roger was traded."

When the Yankees failed to win the pennant in 1959 - an outrage to all management sent Hank Bauer, Don Larsen, Norm Siebern and a minor league slugger named Marvin Eugene Throneberry to their Kansas City consins for two other players and Maris.

"I heard the news on the tube and I went out and bought a new car," said Blanchard, recalling the era of modest salaries, when buying a car was a big deal for a second-string catcher. "My wife asked me if I was crazy, but I had caught against Roger in the minors and the majors, and I knew he was what we

"I bought the car in January — and paid for it in October," said Blanchard, now 65 and retired in Minnesota.

"I remember asking him what his goals were for 1960," recalls Jim Ogle, who covered the Yankees for many decades for The Newark Star-Ledger and is now the loyal organizer of the Yankee alumni. Maris, who hit 58 homers in his first three seasons, said he hoped to hit 25 or 30 home runs, and Ogle asked if Maris was not setting his goals too

"Roger said, 'If I say 25 or 30 and I hit 35 or 40, then I'm having a good

crew cut and a lopsided smirk, his way of deflecting attention.

year,' "Ogle recalled. "But if I say 35 or 40 and I only hit 25 or 30, then I'm

having a bad year.' That was typical Roger Maris. He would tell you exactly what he was thinking. You may not like it, or agree with him, but he didn't care."

Casey Stengel sent him out to play right field, where Babe Ruth and Tommy (Old Reliable) Henrich had

"Casey was a stickler on always hitting the relay man," Blanchard said. "I don't think in his entire career that Ro-



Maris arrived in spring training with a Mark McGwire hugging Roger Maris's son Richard after No. 62.

ger ever threw to the wrong base."
The new man batted .283 and led the league with 112 runs batted in and 39 homers and was voted the most valuable

The 1961 Yankees are now remembered as one of the great teams. Mantle and Maris shared a bittersweet laugh at the way the fans cheered Mantle and rooted for him to break the record. There were rumors of a fend between the two, who shared an apart-

ment in New York. "Shoot, everybody knew Mickey was the greatest, and it helped Roger to bat third, ahead of Mickey, but Roger was the one who broke the record," said

Terry, 62, a golf pro in Kansas. While Mantle faded slightly, the press continued to flock to the Sta-

It was nothing like the swollen swarm of reporters and camera crews today, but still a shock to gruff country boys like Mantle and Maris.

Most of the time, Maris was blunt and even funny. For a while, he even joked when his hair started turning white, in

Terry recalled pitching in "the as-

terisk game," the 154th game, which would have been the last game of the season under the traditional schedule. "The wind was blowing in about 18 miles per hour," Terry said of the game, played in Baltimore.
"The first time he hit a drive to the

fence. The second one went out." That was No. 59. Maris tied Ruth in "asterisk" over-time and then on Oct. 1, 1961, Maris

swatted a fly into the right-field stands for his 61st homer. For decades, Maris's record for 162 Wednesday.

The writers voted Maris the most

valuable player once again, for hitting 269 and leading the league with 132 runs scored, 142 runs batted in and, of Maris later became alienated from the Yankees, believing management favored the fragile Mantle and over-

looked Maris's injuries. "Roger broke his hand in the spring of 1962 catching a ball Kaline hit off

me," Terry said, referring to Al Kaline, the Detroit right fielder. "He played the whole season, but it

never healed right, and he lost his grip and never had the same power."

Maris reacted to some hatchet jobs in the press, and stopped talking to most

"If you ever crossed Roger one time, he'd never speak to you," Terry said. "That was Roger."

Ultimately, the Yankees shipped Maris to St. Louis, where he helped win pennants for the Cardinals in 1967 and 1968, before quietly retiring.

He died of cancer in 1985, finally

#### reconciled with the Yankees. ■ Maris's Widow Hospitalized

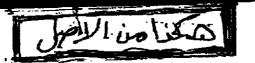
The widow of Roger Maris, Patrica was reported in satisfactory condition.
Wednesday after spending the night is hospital after developing an irregular heartbeat for the second time this week The Associated Press reported from St.

She was expected to be released on

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#### **SPORTS**

#### For Hingis, Satisfying Victory Over Seles person twice. After absorbing semifinal Karol Kucera could be forgiven for being defeats at both Roland Garros and so confused about their U.S. Open mis-By Robin Finn New York Times Service Wimbledon this year, a development she sion that they occasionally forgot how to NEW YORK - It's not that she is terms a setback when compared with her play tennis and lapsed into a five-set jaded: Martina Hingis delights in winwinning three of the four Grand Slams in ning matches. Any matches, anywhere. 1997, Hingis has been particularly keen eventually cost this Grand Slam the con-But it takes a special occasion, such as on defending her turf at this Open.

her 6-4, 6-4 defeat of Monica Seles in their windblown U.S. Open quarterfinal, to provoke the 17-year-old sophisticate to leap with joy as punctuation to a soul-satisfying victory.

No sooner had Hingis cranked out an ace on her first match point on Tuesday

U.S. OPEN

night than she jumped into the air as if she intended to ride a pogo stick out of Arthur Ashe Stadium. Just two rounds from a victory that would make her the youngest U.S. Open champion to mount a successful title defense, she was in a mood to celebrate.

The victory also halted Hingis's twomatch losing streak to Seles, a tiny streak of futility that caused no shortage of imitation to Hingis, who considers it inexcusable to drop a match to the same

"I know I haven't done as well as last year, but life goes on, and now I'm in the semifinals same as last year," said Hingis, who immediately set her sights on using this semifinal, where she will face the Wimbledon champion, Jana Novotna, to exact revenge for her loss to Novotna in that semifinal.

Played in antumnal conditions, the quarterfinal took just 72 minutes and was nudged toward its brisk conclusion by 26 unforced errors from Seles. Seles had trouble keeping her forehands - whether she was using her traditional twofisted technique or the more flexible but less reliable one-hander she has worked into her repertory --- within bounds.

"There were some points where it was hard to control the ball," she said of problems caused by the wind. "I felt lost this entire tournament. Earlier in the day, Andre Agassi and

comedy of unforced errors, 145 in all, that tinued services of its 1994 champion.

The two were shunted from one stadium to another, assigned a match schedale that shifted from day to night and back into day. They were ordered to start their Round of 16 tilt on a dark, damp court Monday night and finish it Tuesday on a dry court that sparkled like an emerald.

"Any time you deal with the ele-ments, and curveballs, two players have to deal with it, and I think he dealt with it better than I did." said the eighthseeded Agassi after Kucera avenged his loss at the 1996 Olympics with a 6-3, 6-3, 6-7 (5-7), 1-6, 6-3 victory. He will face the top-seeded Pete Sampras.

Patrick Rafter, the Open's defending champion, handled the two-day formal better than Agassi did. He outhustled the 14th-seeded Goran Ivanisevic for a 6-3, 6-4, 4-6, 6-1 victory that carried him into the quarterfinals against Jonas Bjorkman of Sweden.



Martin Edwards, chairman of Manchester United, left, and Mark Booth, chief executive of BSkyB, agreeing to the deal Wednesday.

### MAN U: Murdoch Snaps Up Soccer Club

Continued from Page 1

Manchester, told Reuters he was "disgusted" by the purchase. "What's he ever done for the sport except put it out of reach of people who traditionally watched it?" he asked, referring to Mr. Murdoch.

Michael Crick, a supporter and small shareholder in the stock exchange-listed club, quickly formed a shareholder group that vowed to oppose the deal and lobby the government to block it. 'Manchester United should be run by people who support the club," he said

The offer was accepted by United's chief executive. Martin Edwards, and directors that own a combined 16.5 percent of the club, and it was welcomed by the institutional investors, who own roughly 60 percent of the club, so the hopes of angry fans appeared to rest with antitrust regulators.

The government said it would submit the £623 million cash and share offer to the Office of Fair Trading for an investigation of its impact on competition. Peter Mandelson, the trade and industry minister who rules on mergers, insisted earlier this week that any takeover bid would be reviewed "searchingly.

Officials have indicated their concerns centered on whether BSkyB would gain an unfair advantage for future broadcasting rights via ownership of the club, the most popular and successful in Britain.

The deal clearly raises some fairly interesting competition issues when effectively the monopoly supplier of paid subscription TV in the United Kingdom buys what is the largest jewel in the crown, Clive Hollick, chief executive of United News & Media PLC and long-

standing Murdoch rival, told Reuters. BSkyB, which is 40 percent owned by Mr. Murdoch's News Corp. International, dismissed the competition concerns. Mr. Booth said BSkyB would be just one of 20 owners of Premier League teams who decide broadcasting rights.

Mr. Murdoch has jumped on the bandwagon to own sports teams with alacrity. In addition to the deal for Manchester United, which was struck late Tuesday, Mr. Murdoch's Fox Group bought the Los Angeles Dodgers baseball team in March for \$311 million. Mr. Murdoch also has an interest in a 20 percent stake in the New York Knicks basketball team and the New

York Rangers hockey team. Mr. Murdoch told shareholders last year that sports were the "battering ram" that would enable Fox, BSkyB and his StarTV in Asia to penetrate their markets.

Whether the deal affects Mr. Murdoch's ties to Mr. Blair is perhaps the biggest unanswered question. Mr. Blair's efforts to woo Mr. Murdoch paid off last year when The Sun, his flagship tabloid, endorsed the Labour leader ahead of Britain's general election.



Martina Hingis hopping for joy after her triumph by 6-4, 6-4.

## Maddux Stays Calm as He Continues to Struggle

Greg Maddux insists he has not been pitching differently in recent starts. The difference has been in the results.

Maddux had another tough outing Tuesday night, allowing five earned runs to Montreal in the Expos' 6-3 victory over the Atlanta Braves.

Maddux (17-8) has allowed 24 carned runs in his last six starts, covering 39 innings, to see his ERA climb

#### Baseball Roundup

from 1.53 to 2.20. He gave up six runs on six hits in seven innings against the host Expos, striking out nine and walk-

ing a season-high four.
""Even when I gave up the runs, I felt good," he said. "I thought I threw some pretty good change-ups that just didn't get swung at. It's going to happen." Maddux refused to blame a 1-hour-14-minute rain delay in the bottom of the first for his lack of effectiveness. When the game resumed, Montreal

the inning by striking out Miguel Batista, his 2,000th career strikeout. Montreal's starter, Miguel Batista (3-

5) allowed three runs — two earned — and four hits in six innings. Ugueth Urbina got four outs for his 29th save. Pirates 8, Brewers 7 José Guillen blooped a two-run, two-out single off Eric Plunk (0-2) in the eighth inning as Pittsburgh rallied from a 7-0 deficit.

Phillies 16, Mets 4 Rico Brogna, Kevin Sefcik and Bobby Estalella each homered twice in Philadelphia. Marlon Anderson added a homer in his first major league at-bat for the Phillies. The Mets' Hideo Nomo (6-12) was tagged for seven runs and six hits in 23/2 innings.

Astros 13, Reds 7 Jeff Bagwell hit his first career grand slam and tied a career high with six RBIs as the host Astros Rockies 11, Marlins 10 Vinny Castilla

(92-53) tied Atlanta for the NL's best

scored four runs on an error, two singles including the game-winning two-run and a hit batter before Maddux ended single in the ninth at Coors Field.

Giants 5, Padres 1 Marvin Benard hit leadoff homer and went 4-for-4, and J. T. Snow drove in two runs for the visiting Giants.

Dedgers 6, Diamondback 5 Raul Mondesi tied it with a three-run home run in the eighth inning, and Eric Karros drove in the winning run with a sacrifice fly in the 11th for the visiting Dodgers. In the American League:

Rangers 7, Royals 6 Ivan Rodriguez's two-run single with one out in the ninth led Texas over the Kansas City Royals, pulling the Rangers within two games of AL West-leading Anaheim. Toronto, which had the day off, pulled within 41/2 games of Boston in the wild-card race when the Red Sox lost to the Yankees. Texas trailed, 6-4, in the ninth before

Rusty Greer's RBI single off Jeff Montgomery (2-5) and the winning hit by Rodriguez.

Yankees 3, Red Sox 2 The Yankees'

months before an 8-11 slump, needs just one more victory or a Boston loss to ensure the AL East title. Twins 5, Angela 0 Brad Radke (11-3) allowed six hits in seven innings and struck out 12 to win for the first time since

earned — and two hits in seven innings.

striking out 11 in Fenway Park. New

York, which battered the AL for five

July 28 in visiting Minnesota's victory. Devil Rays 10, Mariners 0 In Seattle, Wilson Alvarez (6-3) allowed two hits in seven innings, combining with two relievers on a two-hitter to win for the first time since July 26. Ken Griffey Jr., who

3 with a walk. White Sox 12, Tigers 6 Jeff Abbott homered twice at Comiskey Park, Robin Ventura bit a two-run shot and Wil Cordero added a solo homer.

leads the AL with 50 homers, was 0-for-

Orioles 5, Athletics 2 Doug Johns and three relievers combined for a sevenhitter and Brady Anderson's infield single in the fifth scored the go-ahead matched a career high with six RBIs, David Cone allowed two runs — one run in Oakland.

#### SCOREBOARD

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W. Bergman, 12-7, L.—Bere, 1-1.
HRs—Cinchnoti, Casey (5), Petogine (2),
Houston, Bogwell (31).
Fleride 830 339 345

Teginas (8), Mintch (8).

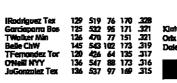
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SOCCER PROLISE PREMIER LEAGUE Leads United 3. Sout

Leeds United 3. Southampton 0
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STANDINGS: Liveds United 8 piss Liverpool 7; Axion Villa 7; Notifingham Forest 6;
Charlton Athielic 5; Wimbledon 5; Arsenal 5;
Wast Ham United 5; Leicester City 4; Coverthy
City 4; Blackburn Rowers 4; Everton 4; Shortfield Wednesday 3; Derby County 3; Tottenham Hatspur 3; Manachester United 2;
Middleshnatur 3; Manachester United 2;
Middleshnatur 5; Austrantic 1; Leiber 4

**CALVIN AND HOBBES** 

#### STANDINGS: Feyenoord 9; Heerenveen 7; Utrecht 6; Ajox Amsterdom 6; AZ Altmoor 4; NEC Nignegen 4; Vitesse Amhem 4; PSV Endhoven 4; Willem II Tilborg 4; Grosschop Doelinchem 4; Twente Enschede 3; NAC CYCLING TOUR OF SPAIN

Roda JC Kerkrade 1; Sparto Rotte: una Sittard 0; MVV Maastricht 0.

TENNIS

U.S. OPEN

LATÉ TUESDAY IN NEW YORK

POURTH ROUND

ippoussis, Australia, del. Tim Herimon (13), Britain, 7-5, 0-6, 6-4, 6-1. Carios Moya (18), Spain, del. Alex Carrelja (7), Spain, 7-6 (7-4), 7-5, 6-3, Woulder SHOOLES GESALTERFINALS Martina Hingis (1), Switzerland, del. Mon-

WEDNESDAY IN NEW YORK WOMEN SENSIES OFFARTERFINALS

Coetzer (13), South Africa, 3-0 in the opening set when rain coursed a suspension of alov.

port, U.S., (2), led Amenda

nas Johansson, Sweden, def. Yevgeny kov (11), Russia, 3-6, 6-3, 6-3, 7-6 (8-

1. Jeroen Billjevons, Netherlands. TV. hours 41 minutes and 33 seconds 2. Glovanni Lombard, ttaly, Tolotom 3. Sven Teulenborg, Germany, U.S. P 4. Angel Edo, Spain, Kelme

5. Jann Kirslpuu, Estonia, Cosino 6. Martin Hvastija, Slovakia, Cosit 7. Ivan Cericii, Haly, Estepona 8. Febrizio Guidi. Itohy Politi

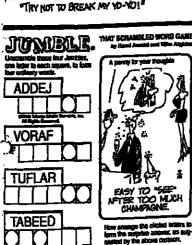
6): Patrick Raffer (3): Australia, def. Gorun Ivanisente (14). Craditio, 6-3, 6-4, 6-4, 6-1. Jones Bjorkman (12): Sweden, def. Jan Slemenisk, Netherlands, 6-4, 2-6, 6-2, 6-2 Korol Kucsar (7). Slovatida, def. Andre Agassi (8), U.S., 6-3, 6-3, 6-7 (5-7), 1-6, 6-3. Magnus Lamson, Sweden, def. Otiver Gross, Germany, 6-4, 7-5, 5-7, 6-2; Mark Philippousets, Australia, def. Tim Hermon (13), Patrick 2-6, 6-4, 6-4. 28 seconds: 2. Lourent Jalobert, Fr. ONCE of 2 sec 3. Marcus Zberg. Switz. Post Swiss five: 4. Gournant 12; 5. Ella Aggiana, it. VItalicio Segutos 13; A. Gialiano Figue Mapei some time; 7. Jose Luis Rubii Keime 16; 8. Unai Etxebarria, Ven., E

#### TRANSITIONS

BASEFALL NATIONAL LEAGUE
FLORIDA --Activated C Mike Red from 15-day disabled list. Recalled OF Brian Daubach from Charlotte, IL. M.Y. METS-Recoiled C-OF Todd Hun son and RHP Octovio Datel fra

## DENNIS THE MENACE





Jemples: JETTY SAKOR SHANTY INDEG August: What the earpleyboy got when he planted hi leat thirty on the ground — DATTY SHOES INTERNATIONAL

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GARFIELD



HOU HAVEN'T MOVED FOR HOURS

BEETLE BAILEY

I'M LEAVING

NOW, OTTO.

THINGS FOR

**BLONDIE** 





AT LEAST GIVE ME A SIGN THAT YOU'RE STILL BREATHING



IN AMERICA, A WATCHDOG WATCHES

WHAT HE WANTS TO WATCH



























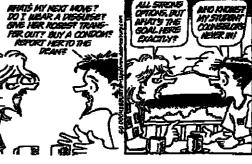


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## My Summer Vacation

ART BUCHWALD

NEW YORK — What I "I traveled a lot, going Did on My Summer Va- from one grand jury to an-

President Bill Clinton: "I had a great summer. I played golf, read and attacked Sudan. When I wasn't doing anything important, I testified

to the grand jury and won the hearts and minds of the

people.
"The high-light of the summer was giving a TV

Buchwald the highest TV rating of my administration.

"Hillary said it was the best speech I had ever given, though she didn't understand the entire thing. The big mo-ment came when I admitted to telling a 'fib' in front of everyone. For punishment I said I wouldn't have a Burger King Whopper for three days. When I asked forgiveness for not telling the truth, everyone Mrs. Goldberg for a bundle. I gave it to me."

swell summer subpoening free-style swimming. Monica everyone in Washington, including the Redskins' pom-when camp was over. pom girls, the mounted police at the Lincoln Memorial and cause the tape machine I'm the plebe class at Annapolis. wearing is getting heavy."

"I traveled a lot, going other. I also acquired a terrific tape collection that I'm going to trade for a set of Mark McGwire baseball cards."

Monica Lewinsky: "My summer was the best I ever had. I played on the White House intern volleyball team, helped the president restore the Japanese yen and picked out targets in Afghanistan. It was very spicy, and at the end I was chosen 'Miss Congeniality' by the White House

"I guess the best part of my summer was being granted immunity for anything I said. My dream is to become a national security adviser and the president's eyes and ears in the Oval Office."

Linda Tripp: "I couldn't have had a better summer, and I intend to sell the details to met a neat friend this summer named Monica Lewinsky, and I took down everything Kenneth Starr: "I had a she told me about archery and when camp was over.

"I'm glad it's finished be-

#### Royal Opera to Close for a Year

ONDON - Britain's Royal Opera, mired in a £13 million (\$21.5 million) debt and a string of management crises, on Wednesday announced an almost yearlong closure to cut costs and put its affairs in order.

The company will stop performing in January 1999 and resume in December 1999, when the number of performances will be reduced by one third. The Covent Garden site of the Royal Opera is undergoing a £214 million redevelopment— about one quarter of which comes from public lottery funds and the ballet and opera companies have been touring and performing in other London theaters for the past year.

# Poetic Justice for an Artist Ridiculed by the Nazis

By Craig R. Whitney
New York Times Service

BERLIN — Shortly before he left Germany for the United States in 1937, the artist Lyonel Feininger wrote to his son Lux: "I crime, as they are here."

Feininger, an American who led but returning to his native country, driven from Germany by the political and cultural intimidation that gone for such a long time." had arrived after Hitler came to power in 1933. Shortly after Fein-

and Tuebingen and, since July, a retrospective of 137 of his 540 oil paintings at the Neue Nationalgalerie here. So far, about 60,000 visitors have seen the exhibition, which occupies most of the spacious base-

The show, "Lyonel Feininger: From Gelmeroda to Manhattan," traces the artist's vision, from the inspiration he found in church architecture in villages like Gelmeroda, in the Thuringian countryside near Weimar, to his final years in his native New York City, where he

After closing on Oct. 11, it will re-open in Munich on Nov. 1 in the Haus der Kunst, remaining until Jan. 24. There is poetic justice in the setting: The building, designed for Hitler by one of his favorite architects, Paul Ludwig Troost, is now devoted to the kind of modern art the Nazis tried to destroy.

"The last big Feininger exhibition in Germany was held in the Haus der Kunst in 1973," said Roland Maerz, the organizer of this retrospective. "He was never forgotten in Germany, but this year, thanks to cooperation from private feel 25 years younger now that I collections and museums in Gerknow I am going to a country where many, elsewhere in Europe and the imagination in art and abstraction United States, we've been able to are not considered an absolute put together the first show devoted

exclusively to his paintings. Maerz said he would have liked a German life, was not emigrating to schedule an American stop for the exhibition but that "some of the

It is Berlin's biggest Feininger exhibition since 1931, when 137 of inger left, the Nazis seized 378 of his oil paintings, drawings, and wathe works that had made him one of tercolors were exhibited in the

the most famous artists in Germany, singling out some of them for ridicule in an exhibition of "degenerate art" in Munich.

But this year, Germany has been celebrating Feininger as one of its own, with retrospectives of his watercolors and sketches in Hamburg and Tuebingen and since Iniv a Karl (or Charles) Esiminger was a Karl (or Charles) Esi Karl (or Charles) Feininger, was a classical violinist whose own father had fled Germany for the American South after the failure of the 1848 revolution. Leo, as he was called, was steered by his parents toward a ment of the gallery, a glass-andsteel museum designed by Mies van
der Rohe, who, like Feininger, was a
guiding spirit of the Bauhaus movement before the war.

Was secret by ins parents towards a
career in music, which played an
important role in his art. He was an
accomplished violinist, could play
the 48 preludes and fugues in
Bach's "Well-Tempered Clavier" on the harmonium and harpsichord and composed 13 fugues of his own for piano and organ. Feininger's parents wanted him

to study music in Germany, but in 1887 he persuaded them to let him go there to study painting instead. He stayed, married and established a reputation as an artist, though at first mainly as a caricaturist. In 1906 he signed a contract with The Chicago Tribune to produce two cartoon series. The Tribune wanted him to move to Chicago, but by then he had met Julia Lilienfeld Berg, a painter who widened his artistic horizons and changed his



Lyonel Feininger painted "Manhattan, Night," in 1940.

other and remained in Germany. The Tribune terminated Feininger's contract, and he produced his first oil paintings in 1907.

The exhibition begins with an overview and then proceeds chronologically. Art by painters who inspired him, like Cubist works of Picasso, Braque and Robert Delaunay or, more speculatively, the 19th-century German Romantic painter Caspar David Friedrich, are salted strategically among Feinlife. Both divorced to marry each inger's work to make their points.

"My 'cubism' (again wrongly so called) I would rather call, if it must have a name, 'Prisma-ismus,' 'he have a name, 'Prisma-ismus,' wrote in 1913 to a childhood friend, the American painter Alfred Vance Churchill. Some of the church

deed have a prismatic effect. The rich catalogue includes an essay titled "Lyonel Feininger in Germany" by one of his surviving sons, Lux, an artist in Cambridge,

paintings as well as works like "The

Bird Cloud," lent by the Busch-

Reisinger Museum at Harvard, in-

other, the photographer Andreas Feininger, that document their fa-ther's links to the Bauhaus movement. That association started with an early invitation to Weimar from Walter Gropius in 1919 and continued until the Nazi-dominated city council in Dessau dissolved the Bauhaus there in 1932.

Starr Sain

Jelsin Vields

And Names

Primakov to

Head Cabinet

Eller to be bearing

In 1933, two years before the Nuremberg race laws were en-acted, the Nationalgalerie asked Feininger to prove his Aryan background going back two generations and beyond, which soon became a prerequisite for permission to work in Germany as an artist. Although his forebears were German Swabian Catholics, he was, he told friends, increasingly referred to as "the Jew Feininger." His wife was partly of Jewish ancestry, and the couple soon realized that their days in Germany were numbered. Feininger accepted a teaching invitation from Mills College in California in 1936, and the couple left Germany for good on June 10, 1937. One day it will be said of me

that at age 65 I entered New York Harbor with two whole dollars in my pocket," Feininger recalled of his arrival.

Unsettled at first by the skyscrapers that had sprung up in New York during his 50-year absence, he produced his distinctive visions of them, while still trying to summon Germany back from memory. Lines that had been clear and prismatic became blurred, and his pastel colors darkened, for example in Shadow of Dissolution," a 1953 painting that anticipates his death three years later.

But other works seem to close a circle that began with the Gelmeroda paintings. "Manhattan, Night," a 1940 canvas, bears, a startling resemblance to "Stars Above the Town," started 20 years earlier. The stars, like fiery crosses, that illuminated the German town now transfigure the New York nightscape, completing a vision for which the artist is revered in both his countries.



Keiko swimming by spectators outside his tank in Newport, Oregon.

MORE than six centuries after the celebrated Alexandria lighthouse tumbled into the Mediterranean, Pierre Cardin is unveiling a fluorescent obelisk meant to recall the monument, one of the Seven Wonders of the Ancient World. Cardin's column of colored light

- concrete covered with mirrored glass - will rise 145 meters (475 feet) and cast beams 60 kilometers (35 miles) out to sea from the tip of a jetty overlooking the Bay of Alexandria. That's just a stone's throw from where the original lighthouse stood before it was destroyed by two earthquakes in 1349. Cardin, head of a worldwide empire of fashion, food and cosmetics, said approval of the 500 million franc (\$86 million) obelisk 31 after months of negotiations. "It's now a question of financing," he said.

A lightning strike sent flames shooting through the roof of the Pulitzer Prize-winning poet Rita Dove's home in Charlottesville, Virginia, causing about \$250,000 in damage but sparing

her original manuscripts. Dove won the 1987 Pulitzer Prize in poetry for her book "Thomas and Benlah."

Royalty and envoys from the countries of the long-dead Austro-Hungarian Empire gathered Wednesday to recall Geneva's most famous murder — the lakeside stabbing of Empress Eliza-beth, known as Sissi. On the eve of the

they were attending the unveiling of a life-size bronze statue on the spot where she was attacked. The wife of Emperor Franz Josef was stabbed by Luigi Lucheni, a self-proclaimed anarchist who died in prison 12 years later.

100th anniversary of her assassination,

Carefully prepared by his trainers for Wednesday's flight to home waters near

## Foundation to Make \$8 Million in Grants

New York Times Service

TEW YORK — The Doris Duke Charitable Foundation was to announce io une arus on wednes support construction of a 10-story complex of the New 42nd Street Inc. in Manhattan, where theater and dance artists can create, rehearse, perform and teach. In addition, \$2 million will go to the National Dance Project of the New England Foundation for the Arts for the creation of new work and for its tours.

The Walker Arts Center in Minneapolis is to receive \$1.5 million, including \$500,000 to commission work by contemporary jazz artists; the remaining \$1 million is to be matched by the Walker to establish an endowment for future music and dance projects.

Iceland in his next step toward freedom, Keiko the killer whale floated calmly as hundreds gathered at underwater windows at the Oregon Coast Aquarium in Newport to bid farewell. Keiko, the star of the "Free Willy" movies, was on his way to the Westman Islands off Iceland, where a floating sea pen as big as a football field will be his halfway house. Trainers say it will be months before they determine whether Keiko can ever be released into the open sea. Keiko was captured in 1979 off Iceland and has spent 19 years in concrete tanks.

Michael Douglas donated \$10,000 to

the UN Food and Agriculture Organization during a visit to the Venice film festival. The actor, who has sent autograph hunters into a frenzy since arriving in Venice, handed over the check to officials at the agency's stand at the festival. The Rome-based organization has involved sports and entertainments stars in its "Food for All" campaign, designed to halve the number of hungry people in the world by 2015.



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